



# COMPANY DESCRIPTION

Approved by:

Board of Directors of Deutsche Oel & Gas S.A.

on 17.08.2017

Amended and approved by:

Board of Directors of Deutsche Oel & Gas S.A.

on 26.09.2017

## Table of Contents

Definitions.....	4
1. Description of the Issuer .....	6
1.1. Ownership Structure of the Issuer.....	7
1.2. DOG Group Structure.....	8
1.3. Business Model .....	9
1.3.1. General Information .....	9
1.3.2. Main Activity Areas of the DOG Group: Exploration of the Kitchen Lights Unit.....	9
a) Basics of Oil and Natural Gas Exploration and Production .....	9
b) Exploration of Oil and Natural Gas in the Kitchen Lights Unit.....	14
c) Major Changes Affecting Operations and the Main Activity .....	21
d) Expert Report on the Natural Gas Deposit in the Kitchen Lights Unit.....	21
1.4. Key Financial Information .....	23
1.5. DOG Group Presence in Capital Markets.....	25
1.6. Organizational Structure, Management .....	26
1.6.1. Board of Directors.....	26
a) Overview .....	26
a) Composition, Voting and Representation.....	26
b) Current Members .....	28
c) Employment Agreements .....	30
d) Stock Transactions of Board Members.....	30
e) Credits, Stockholdings, Other Legal Relations and Conflicts of Interest.....	30
1.6.2. Upper Management.....	31
1.6.3. Shareholders' Meeting.....	32
a) Convocation .....	32
b) Voting.....	33
1.7. Competitive Situation and Most Significant Markets .....	35
1.7.1. Key Markets .....	35
a) Global Energy Market .....	35
b) Global Fossil Fuel Market.....	35
c) Global Oil Market and Prices.....	36
d) Main Reasons for Fossil Fuel Demand .....	36
e) Greater Adverse Effects on the Fossil Fuel Markets.....	37
f) Global Gas Market and Prices.....	38
g) Natural Gas Market in Southcentral Alaska.....	38

1.7.2. Market Position of the DOG Group.....	40
1.7.3. Competitors .....	41
1.7.4. Competitive Strengths .....	42
1.8. Key Risk Factors.....	44
1.8.1. Business-Related Risk Factors.....	44
1.8.2. Market-Related Risk Factors .....	56
1.9. Reasons For the Decision to Apply for Admission to Trading.....	59
2. Certified Adviser.....	60
3. Financial Instruments Admitted to Trading on First North.....	61
3.1. Shares Admitted to Trading .....	61
3.2. Key Risk Factors.....	62
4. Issuer’s Capital .....	64
5. Legal Proceedings.....	68
6. Related Party Transactions .....	71
7. Material Transactions .....	72
8. Planned Further Operation .....	81

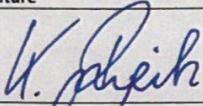
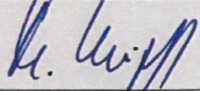
## Definitions

<b>Issuer</b>	a Luxembourg stock cooperation ( <i>Société Anonyme</i> ) Deutsche Oel & Gas S.A. with a registered seat and business office at 45, Boulevard du Prince Henri, L-1724 Luxembourg, Grand Duchy of Luxembourg, entered under register number B 179408 in the Commercial Register of Luxembourg ( <i>Registre de Commerce et des Société</i> ) since 29 July 2013.
<b>DOG Group</b>	the Issuer together with its indirect and direct subsidiaries and their subsidiaries.
<b>DOG AG</b>	Deutsche Oel & Gas AG, Gerokstraße 33, 70184 Stuttgart, Germany.
<b>DOG KG</b>	Dt. Oel & Gas GmbH & Co. KG, Gerokstraße 33, 70184 Stuttgart, Germany.
<b>Alecto</b>	a private limited liability company Alecto Ltd with a registered seat at Jebel Ali Free Zone Authority, entered under register number 145956 in Dubai, United Arab Emirates.
<b>Cornucopia</b>	Cornucopia Oil & Gas Company LLC, registered office at 1999 Bryan St., STE. 900 Dallas, Texas 75201, business address at 188 W Northern Lights Boulevard, Anchorage, AG 99503-3902.
<b>Furie Operating</b>	Furie Operating Alaska LLC, business address at 188 W Northern Lights Boulevard, Anchorage, AG 99503-3902.
<b>Furie Petroleum</b>	Furie Petroleum Company LLC, business address at 188 W Northern Lights Boulevard, Anchorage, AG 99503-3902.
<b>Cornucopia Group Nasdaq Riga</b>	Furie Operating and Cornucopia together. a joint stock company ( <i>akciju sabiedrība</i> ) Nasdaq Riga, registration number: 40003167049, registered address at 1 Valņu Street, Riga, LV-1050, Latvia.
<b>First North</b>	a multilateral trading facility developed and operated by the Nasdaq Riga, but which is not a regulated market for the purposes of the Latvian Law on the Financial Instruments Market and other legal acts.
<b>OPEC</b>	the Organization of Petroleum Exporting Countries.
<b>EIA</b>	the U.S. Energy Information Administration.
<b>SPRI</b>	Sierra Pine Resource International, 110 Cypress Station Dr. Suite 105, Houston, Texas 77090.
<b>GDP</b>	global gross domestic product.
<b>OECD</b>	the Organisation for Economic Co-operation and Development.
<b>BTU</b>	British Thermal Units.
<b>LNG</b>	liquified natural gas.
<b>DNR</b>	Alaska Department of Natural Resources.

## Acknowledgment

The Issuer's Board of Directors acknowledges its responsibility for the information provided in the Company's Description. The Issuer's Board of Directors confirms the truthfulness of the information provided herein.

Signed by the members of the Board of Directors:

Name	Signature
Mr. Kay Rieck	
Mr. Thomas Knipp	

## 1. Description of the Issuer

The Issuer is a holding company of a group of companies (DOG Group) currently focused on the exploration and production of natural gas and petroleum in the Cook Inlet Basin in the US state of Alaska.

The DOG Group has continuously developed the Kitchen Lights Unit natural gas and oil field since 2011 with investments of around 700 million euros to production maturity. Since November 2015 the company group has been promoting natural gas and selling it primarily to energy suppliers in South Alaska, the most populous part of Alaska. Daily natural gas production was expanded to about 20 million cubic feet in 2016 and is expected to continue to rise in the future. For 2019 the start of the oil production is planned.

## 1.1. Ownership Structure of the Issuer

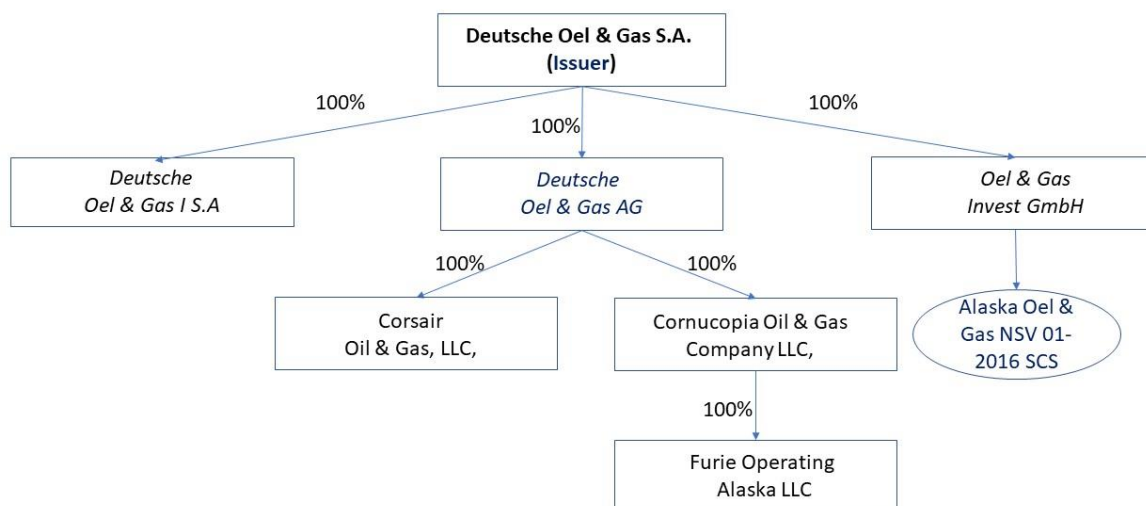
As far as the Issuer is aware, at the date of the Company Description the following shareholders hold shares in the Issuer's share capital:

Name	Number of Shares	in %
Alecto*	120,225,941 (Class A)	24.05
	137,719,056 (Class B)	27.54
	5,818,719 (Class C)	1.16
	93,527,253 (Class D)	18.71
	24,000,000 (Class E)	4.8
<b>Total shares with voting rights (Alecto):</b>	<b>381,290,969</b>	<b>76.26</b>
The Issuer	555,692 (Class A)	0.11
	47,561,549 (Class B)	9.51
	156,590 (Class D)	0.03
<b>Total shares with voting rights (Issuer):</b>	<b>48,273,831</b>	<b>9.65</b>
Deutsche Oel & Gas I S.A.	223,346 (Class A)	0.04
<b>Total shares with voting rights (Deutsche Oel &amp; Gas I S.A.):</b>	<b>223,346</b>	<b>0.04</b>
Free float	430,713 (Class A)	0.09
	34,283,703 (Class B)	6.86
	4,181,281 (Class C)	0.84
	31,316,157 (Class D)	6.26
<b>Total shares with voting rights (Free float):</b>	<b>70,211,854</b>	<b>14.04</b>
<b>Grand total</b>	<b>500,000,000</b>	<b>100.00</b>

\* The sole shareholder of Alecto is Mr. Rieck. All shares in the Issuer held by Alecto are attributed to Mr. Rieck, who is a member of the Issuer's Board of Directors, so that in total 76.26 % of the voting rights of the Issuer are attributed to Mr. Rieck.

Each share entitles one vote. There exist no differing voting rights for individual shares at the Issuer.

## 1.2. DOG Group Structure



### **Cornucopia**

Cornucopia owns key assets of the DOG Group, including 79% of the rights for the exploration and exploitation of the Kitchen Lights Unit.

### **Furie Operating**

Furie Operating operates the exploration, development and exploitation of the Kitchen Lights Unit and is responsible for the production of oil and gas. It owns 1% of the rights for the exploration and exploitation of the Kitchen Lights Unit.

### **Deutsche Oel & Gas I S.A.**

This entity was to finance certain business activities of DOG Group by the issuance of bonds.

### **Oel & Gas Invest GmbH**

Oel & Gas Invest GmbH is the General Partner and sole managing director of Alaska Oel & Gas NSV 01-2016 SCS, a limited partnership with a company outside the DOG Group.

### **DOG AG**

Owns all shares of Corsair Oil & Gas, LLC. DOG AG is not an operative company.

### **Corsair Oil & Gas, LLC**

Owns 0.001% of the working interest in the Kitchen Lights Unit. It is not an operative company.



## 1.3. Business Model

### 1.3.1. General Information

The business of the DOG Group currently consists of production and sale of natural gas, development of the successfully explored natural gas deposit in the Corsair Block of the Kitchen Lights Unit in the Cook Inlet Basin in Alaska, performance of all work necessary for the planned oil production and conducting further explorations in the U.S. Federal State of Alaska. Since reaching the production phase in the second half of November 2015, the DOG Group is selling the produced natural gas in the south-central energy market of Alaska. Furthermore, as soon as the oil production phase is reached, it intends to sell the produced oil, but mainly in Alaska.

The DOG Group holds 30 different mineral exploitation rights or mining rights for oil and natural gas, entitling it to exploration and producing oil and natural gas. These rights were granted to it by the State of Alaska for a surface of around 337 square kilometres, the so-called Kitchen Lights Unit in Alaska's Cook Inlet Basin. The DOG Group currently holds 80% of the working interests in the lease rights, entitling it to a net profit share of any future oil and natural gas production of around 57.60%. The exploration and production of oil and natural gas in the Kitchen Lights Unit is to be carried out by the DOG Group in conformance with the regulations and objectives described in detail in the exploration plan approved by the U.S. Federal State of Alaska.

The DOG Group began production in the second half of November 2015 with the production of natural gas, introducing such gas into the public line network. Since the end of 2015, the DOG Group has earned revenue from natural gas production. This led in November and December 2015 to initial revenues of approx. USD 1 million. In the 2016 financial year, Cornucopia earned total revenues exceeding USD 20 million from natural gas production. The DOG Group is currently not generating any income from crude oil production. From the start of 2012 until the end of September 2016, the DOG Group received state subsidy payments in the form of the disbursement of tax credits in the amount of USD 316.0 million. Moreover the DOG Group expects further disbursements from tax credits received and applied for in amount of USD 165.6 million.

### 1.3.2. Main Activity Areas of the DOG Group: Exploration of the Kitchen Lights Unit

The exploration and production of oil and natural gas in the Kitchen Lights Unit should be performed by the DOG Group in conformance with the regulations and objectives described in detail in the exploration plan approved by the U.S. Federal State of Alaska.

#### *a) Basics of Oil and Natural Gas Exploration and Production*

##### **Introduction**

Fossil fuels (above all oil, natural gas and coal) represent the largest energy source on the planet. Currently, around 86% of world's primary energy consumption occurs based on fossil fuels. Coal has a share of approximately one third of all fossil fuels. The oil and natural gas industry therefore

contributes the largest share towards primary energy consumption worldwide (source: BP Energy Outlook 2035 - February 2015).

The oil and natural gas industry generally encompasses the exploitation and production of oil and natural gas (“upstream”) and the processing of oil and natural gas into products such as gasoline, medications and chemicals (“downstream”).

During the exploration phase, drilling is performed in search of undiscovered oil and natural gas deposits. If it is revealed that a discovered deposit can be exploited profitably, development activity begins with the goal of creating production capacity. This development activity includes development drilling. Such drilling is necessary and is carried out in order to enable production. Only after successful exploratory drilling production can begin.

Because the most easily accessible oil and natural gas sources have already been exploited, newly discovered sites require innovative technological methods for exploration and production, based on exploration geophysics.

After data obtained from such studies has been analysed and the security criteria for exploration by the company successfully established, exploration drilling will be carried out in order to determine the existence of oil and natural gas reserves. Since it is difficult to detect the existence of deposits and for geophysics it is difficult to predict them due to the natural processes that normally occur at great depths, exploration wells are frequently completely unsuccessful (dry hole) or result in only insufficient volumes or in reserves that cannot profitably be exploited for other reasons.

Oil and natural gas are not the same type of raw material. Oil is liquid and easily transportable. Natural gas in contrast is subject to great expansion, making transport of natural gas by truck or ship hardly profitable due to the large amount of space needed. Natural gas is therefore transported in specially developed ships as liquified natural gas (“LNG”) or led through pipelines and, if large distances across waters are to be overcome, cooled to -163°C. The infrastructure for the liquefaction of natural gas for transport purposes is very expensive and can cost several billion U.S. dollars. Required are gas liquefaction plants at export terminals and regasification plants at import terminals. Once natural gas arrives on the market, a network of pipelines is required to distribute the natural gas. Due to the high cost of the transport, distribution and storage of natural gas, nearly half of the world’s discovered natural gas deposits have not been exploited.

As for oil production, gas exploration and production is highly capital-intensive and associated with heavy advance costs. Market perspectives for natural gas are much more insecure than for oil. For these and other reasons, it takes longer to develop and profitably market natural gas fields than it does to develop oil fields. Where a market for natural gas already exists, natural gas is frequently a fuel of first choice for many applications. Natural gas is much cleaner than liquid fuels and releases much less fine particulates when it is burned than diesel or heating oil. Another advantage of natural gas with respect to power generation is the higher degree of efficiency that can be achieved compared to the use of oil.

Crude oil is processed through refineries that make different fuels, solvents, lubricants, asphalt and code from the crude oil. Natural gas is primarily used in large volumes for power generation or in industry. This is expedient for economic reasons because it is much cheaper to lay pipelines to one destination (such as a large power plant) than to lay a broadly interconnected network of small diameter pipes to supply line of small consumers (such as households, restaurants and stores). In the industrial sector natural gas is used as a starting material to produce fertilizers and chemicals, such as ammonia and methanol. Domestic and commercial use of natural gas includes space heating, cooking,

hot water heating and commercial refrigeration. Natural gas also exists in condensed form and is used as engine fuel in the form of condensed natural gas (CNG).

### **The Legal Framework for Oil and Natural Gas Exploration and Production**

In the United States of America, the landowners automatically own the oil, natural gas and mineral resources in the ground, unless the ownership of some or all mineral resources has been transferred or granted otherwise. Every state in the United States is the owner of property (including oil, natural gas and minerals) that lay under navigable waters within each state; this also applies to the maritime properties in the Cook Inlet. The property owner may transfer the rights to oil, natural gas and mineral resources, including the exploitation rights. The US State of Alaska transfers its oil and natural gas rights in the form of mineral extraction rights that entitle the holder of such lease rights to exclusive research, exploitation and production of the oil and natural gas. However, the US State of Alaska reserves a “royalty right” to the production revenues, which is comparable to any license or operating lease fee. This license or operating lease fee normally amounts in the Cook Inlet to 12.50 or 16.66667% of the respective oil and natural gas production, i.e. the proceeds from the actual production.

Exploration and production are subject to a very complex regulatory legal framework, stipulating bestowal and monitoring of permits and licenses through the competent authorities, which must be observed by an exploration and production company. These permits and licenses are associated with the obligations on the part of the exploration and production company to exercise its activities only in conformance with the previously approved exploration plan. The respective company may only deviate from such an exploration plan, which determines, inter alia, the detail of the technical requirements as well as the environmental, health and safety requirements, with the approval of the competent authorities.

The legal relationship between the owner of the oil and natural gas deposit and the exploration and production company is basically determined in accordance with the content of a previously concluded lease agreement. In such lease agreements, the owner of the deposit as lessor grants the exploration and production company the right to discover, drill for and produce oil, natural gas and other minerals either for a specific period of time or for a specific minimum period, which can be extended as long as necessary to make the exploitation financially expedient. The leasing rights are granted in return for the transfer or reservation of royalty rights. Frequently, such lease rights are auctioned off to the highest bidder.

### **Oil and Natural Gas Exploration and Production Phases**

Oil and natural gas exploration and production generally consists of five phases: exploration, appraisal, development, production and conclusion. In practice, the transfer from one phase to the next depends on the ongoing determination that the discovered deposit has the potential necessary for profitable production.

#### **Phase 1: Exploration**

“Exploration” means the search for deposit such as oil and natural gas in the ground. This first phase of exploration entails the determination of a possible region in which the origination or inclusion of oil and natural gas and other hydrocarbon deposits can likely be expected. Visible signs on the surface, such as seeping oil, natural gas, formations on the property surface, underwater craters possibly

caused by escaping gas, and other signs can provide indications of underground deposits. However, exploration decisively depends on the implementation and results of technological procedures developed and implemented by exploration geophysicists to detect and determine deposits and their size. If the first phase is successful, the next step is to further study the area in which the deposits is presumably located. Available geophysical data are analysed for this purpose and additional geophysical data are collected on the underground situation. The minimum industrial standard consists in procuring a high-resolution image of the area through the use of 2D seismic that provide reflection data. The seismic can be used for areas underwater and on land. The seismic technology used is based on physical waves running through various underground layers. These waves are reflected and captured by the ground layers of various thicknesses. In this way, an “image” arises of the structure of the geological underground. Further studies undertaken to discover large areas in the ground include gravity and magnetic investigations. Gravity investigations depend on the basic assumption that gravitational force is impacted by the density of various rocks. The recording and analysis of these differences enables specific rock formations to be located. Magnetometers that measure small changes in the magnetic field of the earth are used for magnetic studies. These changes in the magnetic field allow for additional different field formations to be located.

Only when a large volume of geological, structural and seismic data is available, it can be assessed whether it appears possible to discover oil and natural gas in a specific region. If a promising site is identified, the site is subjected to a further detailed seismographic study. If these studies reveal sufficient probability that deposits can be found an exploration drilling will be carried out for the exclusive purpose of determining the existence of oil or natural gas. Should exploration drilling be successful, the next step is to assess the deposit in terms of its size and profitable exploration and production.

#### Phase 2: Appraisal

The results of the exploration drilling are analysed either by the exploration company itself or by a commissioned specialized service company in order to determine the size of the respective field. If exploration drilling reveals the existence of a deposit, further seismographic data are collected and further drillings are carried out for appraisal. As soon as the final investment decision is made, the focus quickly changes from the assessment of geological risks to the assessment of the risks associated with drilling for purposes of extraction. In this phase, environmental, geological and financial risks are tested as is the risk that the exploration results will not be confirmed. Selected drilling experts jointly draft with the exploration team a plan for the drilling to be performed. This plan must be approved in advance by the competent authorities. It considers both the geological and the environmental challenges as well as the necessary technical requirements. To assess a deposit, drillings are carried out to reduce the degree of uncertainty regarding the size and quality of the potential field. The appraisal can analyse well logs, formation tests and drill stem tests (“DSTs”) and the liquidity tests of certain formations in order to comprehend the productivity of the corresponding zone. Such DSTs measure for one hour to up to two days the flow through of oil and natural gas and show specific features and also the volume of the deposit. A detailed analytical instrument is the full flow test, which studies a certain volume of the deposit by measuring pressure and moisture in order to define the dimensions of the deposit and to predict any problems for production. The flow test may take up to several weeks. Based on the data collected, it is possible to determine the oil and natural gas volume suitable for production. The development of oil and natural gas prices are also taken into account in order to ensure the profitability of production. If everything proceeds positively and the necessary official permits are obtained, the production is started.

### Phase 3: Development

If it is revealed that the production is financially expedient, the development phase begins. This phase involves the planning and decision making as to how the deposit is to be developed. Here, the most cost-effective type of development and production must be selected. It must be ensured that the project is concluded on schedule. This phase requires substantial investments, especially when the production facilities are “offshore,” i.e. in the water. Because the exploration wells are sealed, it is necessary to assemble the pipes in the well and to acquire further machinery, facilities and equipment. The period until the production process begins can depend on the type and scope of the well. Many factors related to the drilling and its implementation have a significant impact on the productivity of the well.

### Phase 4: Production

Before the start of production, the relevant production facilities should be designed. The design process relates to all known information, even with respect to the geographic situation of the resources (e.g. water depth), and is aimed at developing suitable infrastructure to ensure secure, effective and efficient exploitation of the deposit. Oil and natural gas are extracted from the ground through production drilling. For this purpose, the well is fitted out with a steel pipe (housing), to establish the necessary stability. Holes are then made in the floor of the well, so that oil and natural gas can flow into the pit. Finally, valves are fixed at the tip of the well to regulate the pressure of the oil and natural gas and to control the flows. Infrastructure facilities (e.g. pipeline network) enable several production flows (which take place in nearly all offshore productions) to be consolidated into a single production stream. This production stream is lead to a distribution point, where the extracted product is separated and refined. Depending on the type and features, the production platform moreover enables production monitoring, the performance of overhaul and improvement processes for the wells and the performance of additional drillings. These production platforms can be fixed or moored to the floor of the sea, if the sea depth allows. In the case that an onshore production facility is not appropriate, products can be brought directly to a “floating production storage and offloading” vessel. These floating units are designed to pick up, refine and store oil and natural gas and load the produced product on a tanker for transport to the market.

### Phase 5: Completion of Production

The completion of the production is the final phase. It begins when all resources have been exhausted or production is no longer profitable. All installations and equipment in the water or on land are removed if they are no longer used.

### **Oil and Natural Gas Platforms**

Oil and natural gas exploration in the sea (offshore) is carried out using (mobile) drilling platforms. A drilling platform has all the equipment necessary to carry out exploration. Such drilling platforms also have rooms for the staff. Depending on the circumstances, they can be floating or fixed into the floor of the sea.

For offshore exploration, a jack-up drilling rig is normally used. A jack-up rig is a type of mobile drilling platform, consisting of a buoyant hull, to which a number of movable legs are fixed, and is capable of lifting its hull over sea level. The floating hull enables the transport of the rig to any site. As soon as

the place is reached, the legs are extended and the hull is “jacked up” from the floor of the sea to the required height above the sea surface. The legs of such a drilling platform are designed to be able to penetrate the sea floor. They can be extended or set into a foundation on the floor. They can also be fixed on the bottom. Generally, jack-up drilling rigs are not self-propelled and are towed by tugboats or heavy lift ships.

#### *b) Exploration of Oil and Natural Gas in the Kitchen Lights Unit*

The DOG Group is dedicated to exploration in the region of the Cook Inlet Basin, Alaska.

#### **Description of the Kitchen Lights Unit Exploration Area**

The DOG Group possesses mineral exploitation rights in the Cook Inlet Basin, Alaska. Cook Inlet is a large inlet between the Kenai Peninsula and the mainland of Southcentral Alaska and lies above part of a deep sedimentary basin, extending between the Kenai Mountains and the mountains of Alaska and the Aleutians. The basin, which is known as the Cook Inlet Basin, was the target of early Alaskan oil and natural gas explorations, housed the first large Alaskan oil field and is still an attractive target for oil and natural gas exploration and production. Overall, the basin extends beyond the Cook Inlet into the waters of the western side of the Kenai Peninsula, running below the western side of the basin up into the waters of the Shelikof Strait.

The Cook Inlet Basin is a long area running from the Northeast to the Southwest, which has continuously dropped since the geological Triassic (Mesozoic Era more than 200 million years ago), because it is pulled down by the Pacific Plate and thus pushes itself northward under Alaska.

In the first half of the history of the Basin, which lasted some 65 million years, the Basin was under the sea, in the region of an arc of volcanoes. Rock layers from this period mainly originated from the sea and can contain some excellent sources of oil.

During the second half of its history, which includes the Tertiary Period, the Basin was transformed into lowlands, consisting of lakes, marshes and rivers, covered with rubble from ragged mountains in the form of coarse gravel, aggregate, pebbles and sand. As the floor of the Basin sank, terrestrial sediment collected up to 25,000 meters in height, being composed of sand permeated with shale and lush vegetation. When the vegetation-loaded material sank, the organic material decomposed and formed rich coal seams and large amounts of methane, which is a main component of natural gas and penetrated into the porous sands of the Basin, thus forming the Cook Inlet natural gas fields.

In a relatively short geological period, there were sharp folds and creases of the rock layers in the upper part of the Cook Inlet, which were generated by the movement of the Pacific Plate and the related geological currents. The consequence was that a series of large, elongated, north-north-east folds arose in the Tertiary strata (a geological period approximately 65 million to 2.6 million years ago), above all under the waters of the Inlet, whilst the folds were broken and sliced by geological disruptions. Oil from the Jura-Tuxedni formation (a layer formed in a geological period about 200 to 150 million years ago), and natural gas from the Tertiary layers migrated high and were held in sand bodies within the folds. The oil settled in the lower rock layers.

According to the Oil and Natural Gas Section of the Department of Natural Resources of the State of Alaska (“DNR”), the estimated volume of the rebuilding offshore natural gas resources within the Cook

Inlet amounts to between 0.7 and 2.5 trillion cubic feet (DNR 2009 Report). According to a U.S. geological survey (USGS Fact Sheet 2011), the volume of undiscovered and not yet developed natural gas resources within the Cook Inlet in an average scenario amounts to 12.2 trillion cubic feet.

The Cook Inlet stretches for approximately 290 km from the Gulf of Alaska to Anchorage in Southcentral Alaska. At its northern end, it divides into the Knik Arm and the Turnagain Arm and thus surrounds almost the entire City of Anchorage. At this end, the Cook Inlet offers navigable access to the port of Anchorage and further south to the port of Homer. Near the Cook Inlet live approximately 400,000 inhabitants. There are 17 production platforms in the Cook Inlet (1 operated by DOG Group), the oldest of which was built by Shell in 1964. There are also numerous oil and natural gas pipelines built in and around the Cook Inlet. The Kitchen Lights Unit is a 337 km<sup>2</sup> large area in the Cook Inlet. The exploration sites within the Kitchen Lights Unit are located in one of the deepest areas of the Tertiary zone of the Cook Inlet with 25,000 feet of Tertiary rock that exerts enormous pressure and possibly acts like an “enormous cooking pot” for the oil of the Cook Inlets, thus providing the name for the Kitchen Exploration Site. The Kitchen Lights Unit is located south of the North Cook Inlet Unit. The Kitchen Lights Unit is located on a prolonged anticline, which extends with a slight fold over the crest of the structure from northeast to southwest.

### **Permit and Contractual Situation**

The Kitchen Lights Unit is divided into four exploration blocks: North, Corsair, Central and Southwest, encompassing approximately 21,012 acres, 10,185 acres, 24,885 acres and 27,312 acres respectively. The exploration work is currently focused on the Corsair Block and the North Block. Between 1962 and 1993 a total of five exploration wells were drilled by Shell, Phillips and ARCO in the Corsair Block and various oil and natural gas volumes were found.

The Issuer is the management holding company of the Cornucopia Group. It does not directly hold any working interests in mineral extraction rights for the Kitchen Lights Unit, granting an entitlement to explore, develop and produce the corresponding oil and natural gas holding ground. Cornucopia is entitled to 79% of these rights, Furie Operating to 1%, third parties to the other 20%. Furie Operating is the enterprise performing the explorations, developments and measures necessary to fulfill the exploration plan on behalf of and in consultation with Cornucopia.

#### *Kitchen Lights Unit Agreement and Exploration Plan*

In June 2009, the DNR approved the Kitchen Lights Unit as a continuous development area for the exploration, development and production of oil and natural gas on a total of four exploration blocks, composed of a total of 30 lease rights.

The DOG Group is exploring and producing based on an exploration plan approved by the DNR, which in addition to the technical requirements and environmental, health and safety rules, determines in detail for all four exploration blocks (North Block, Corsair Block, Southwest Block and Central Block) special exploration and development measures that are to be complied with annually. The requirements of the Kitchen Lights Unit plan, including all exploration, development or business plans, have to be observed precisely by the DOG Group, because otherwise the exploration and extraction rights could be restricted or even revoked entirely. In the period from 2012 to 2015, the foreseen exploration and development measures were fully implemented. Furie Operating received back a bond to secure a development drilling in the Corsair Block that had been granted to the DNR of the

State of Alaska in the amount of USD 2,500,000.00 at the start of 2016, after the corresponding development drilling was accomplished and natural gas production had begun on time.

#### *Working Interests in Mineral Extraction Rights*

The DOG Group and third parties not affiliated with the DOG Group have concluded agreements concerning mineral extraction rights for oil and natural gas with the State of Alaska as lessor. Based on these lease rights, the DOG Group is entitled to explore, drill and extract oil and natural gas and similar substances in the Kitchen Lights Unit so long as oil, natural gas and other minerals can be profitably and expediently produced. The Kitchen Lights Unit encompasses 8 lease rights in the North Block with an area of 21,012 acres, four lease rights in the Corsair Block with an area of 10,185 acres, 7 lease rights in the Central Block with an area of 24,885 acres and 11 lease rights in the Southwest Block with 27,312 acres (hereinafter together the "**Lease Rights**"). The entire Kitchen Lights Unit thus has an explorable area of 83,394 acres. The oil and gas leases with the State of Alaska are currently unitized and do not have any expiration dates.

#### *Consideration (Payable License Fees)*

The following consideration for granting the Lease Rights is paid to the State of Alaska: (i) defined rent prices per acre of leased property and (ii) license and operating lease fees ("**Royalty Interests**"). These Royalty Interests amount to 12.5% of the production of oil, natural gas and related substances that are located in the ground of the leased properties and the production proceeds earned from the sale. Moreover, there are other owners of overriding royalty interests, who have claims to license fees of between 12.49999% and 12.50003% for each lease right. Such "overriding royalty interests" grant the beneficiary ownership of the production share and share in production revenues and have to be paid by the DOG Group from the net earnings before costs and taxes.

#### *Term*

The exploration rights have been granted for a specific minimum period, but will exist (i) so long as oil and natural gas can be profitably and expediently produced, or (ii), if the exploration rights are associated with a unit agreement approved by the State of Alaska, so long as they remain the subject of the unit agreement. If and insofar as the Kitchen Lights Unit agreement is ended, the exploration rights will continue for the envisaged enforcing term. The State of Alaska is entitled to redeem the exploration rights for a unit and to terminate the Lease Rights if certain conditions are not fulfilled, e.g. if a permit is not obtained from the State of Alaska and if the conditions of the exploration plan are not observed or the measures arising from the respective lease agreements are not performed in due time. The State of Alaska may order from time to time in writing the suspension of the production or other business activities under the extraction rights. As foreseen in the Lease Rights, Alaska may end the Lease Rights after the lessee has been informed about the planned cessation and has been given an appropriate opportunity to respond, if the State of Alaska determines that (i) the operation of the DOG Group is probably seriously harming the biological resources, the property, the mineral deposit or the environment, (ii) this risk is not remedied within an appropriate period or reduced to an acceptable degree and (iii) the benefits of a withdrawal of the mineral exploitation rights outweigh the benefits of maintaining such rights. However, the State of Alaska may not withdraw the mineral exploitation rights according to the aforementioned regulations without the exploration activities have been temporarily suspended or prohibited by the State of Alaska for a temporary period of five years. Should mineral extraction rights be withdrawn, the DOG Group is entitled to demand compensation from the State of Alaska in the amount of (1) the value of the withdrawn mineral exploitation rights or (2) the aggregates compensation paid for the mineral exploitation rights, and all



costs directly associated with the exploration and development less any revenues from the use of the mineral exploitation rights, whereby a claim only exists to the lower amount.

#### *Revenues and division of costs*

The Lease Rights convey Cornucopia and Furie Operating a working interest in 80% of the net production revenues (“**Working Interests**”) earned from the Kitchen Lights Unit. Non-affiliated third parties are entitled to the other 20% of Working Interests. A Working Interest is a percentage share in the net production revenues from the production and sale of oil and natural gas.

The share of 80% of the net production revenues to which the DOG Group is entitled to corresponds to a share in the gross production revenues of around 57.60%. From the gross production revenues (production revenues less the direct production costs), the Royalty Interests of the State of Alaska (12.5%) and the Royalty Interests which other third parties are entitled to (12.5%) must be deducted (the Royalty Interests entitle the beneficiary to a percentage share in the gross revenues from production, i.e. without any prior deduction of development and production costs). General operating costs of production and fixed rents of around 3% must be deducted from the revenues remaining after the deduction of Royalty Interests. The remaining net production revenues are distributed among the “working interest owners” according to the percentage share to which each is entitled; the DOG Group is thereby entitled to a share of 80%. However, on 22 October 2010 a Lease Agreement and Participation Agreement was concluded between the working interest owners, in accordance with which the DOG Group has to bear all drilling costs, even though it is only entitled to a Working Interest of 80%. Because it must bear 100% of the costs, it was agreed that the DOG Group would be entitled as compensation to all future net production revenues up to the amount of the total costs borne by it. Only when it has received compensation for all costs in this way are the other working interest owners entitled to a share of 20% in the net production revenues earned.

#### **Tax Credits**

The Cornucopia Group is able to avail itself of the Alaska Oil and Gas Production Tax Regime, governed by Alaska Statute 43.55 as amended. This is a state subsidy system, enabling up to 65% (or, as of 2017, up to 32%) of the expenditures for oil and gas exploration and the construction of the necessary infrastructure to be refunded.

The State of Alaska provides various subsidy programs for the exploration and development of oil and natural gas in Alaska (Alaska Statute 43.55). The Division of Oil and Gas of the DNR administers these programs. Tax credits are granted for certain investments in exploration and development of oil and natural gas deposits. These tax credits are netted out with payable taxes, if the exploration company is already earning taxable profits from production. Natural gas production was started in the second half of November 2015. The Cornucopia Group has earned revenues from natural gas production since the end of 2015. Even before the start of production, the Cornucopia Group was entitled to and had already realized a significant degree of tax credits. The tax credits program enables exploration companies that are not yet paying taxes to have themselves issued tax credit certificates that can be redeemed by the State of Alaska. The legislative rules establish that an exploration company which does not pay taxes and whose daily production rate is no greater than 50,000 barrels of oil or the corresponding equivalent in gas has a claim to tax credit certificates that the State of Alaska can purchase through payment of the nominal value (in the company’s experience, this redemption actually occurs in current practice, even though the law does not establish a mandatory claim).

An entitlement to tax Credits exists in relation to the type and purpose of the investments made in oil and natural gas. The funds that the State of Alaska uses to purchase the tax credits are legally secured. The tax credit regime comprises, inter alia:

- expenditures in connection with a drilling pursuant to Alaska Statute 43.55.023 (l) ("**Expenditure Tax Credit**"). The Expenditure Credit amounts to 40% and in 2017 to 20% of expenditures, such as expenditures for seismic-programs and investments in drilling and development costs such as planning costs as defined in detail in the Internal Revenue Code of 1986, as amended. Such intangible costs are roughly 60-80% of the costs of drilling a well;
- carried-forward annual loss pursuant to Alaska Statute 43.55.023 (b) ("**Carried-forward annual Loss Credit**"). The Carried-forward annual Loss Credit is a credit for 25% or in 2017 for 15% of adjusted exploration and development costs that were not deductible in the absence of sufficient earned income. Typically, this means the direct operating and capital costs allocable to exploration, development and production of oil and natural gas fields (upstream costs), plus a maximum permissible overhead surcharge of 4.5% on such costs. Thus, the tax credit claim for such losses amounts in aggregate to 26%;
- expenditures in terms of "working capital" pursuant to Alaska Statute 43.55.023 (a) ("**CAPEX Credit**"). The Tax Credit for this amounts to 20% or in 2017 to 10% of expenditures that do not fit in the well lease Expenditure Tax Credit, in particular expenses such as the construction of production facilities, facilities for collecting produced oil and natural gas and pipelines and other infrastructure.

The Carried-forward annual Loss Credit is in addition to the other two aforementioned tax credits. Thus, an exploration company may receive both an Expenditure Tax Credit for 40% (or 20% in 2017) and the Carried-forward annual Loss Credit for just over 25% (or 15% in 2017), and thus a total credit of roughly 65% (or around 32% in 2017) of eligible expenditures. Likewise, an exploration company may receive both a CAPEX Credit for 20% (or 10% in 2017) and a Carried-forward annual Loss Credit for around 26% (or 15% in 2017), and thus a total credit of roughly 46% (or 26% in 2017) of eligible expenditures. An exploration company cannot, however, apply for both a CAPEX Credit and an Expenditure Tax Credit for the same expenditure.

Subject to legislative appropriations of funds for cash purchases of these tax credits, and approval by the Alaska governor, there were no statutory dollar limits for the credits in the past. As of 1 January 2017 a limit of USD 70 million now exists for tax credit certificate purchases per year and per company ("**Limit**"). Tax credits are repurchased at 100% of their value for the first half of this Limit and initially at only 75% of their value in the relevant year for the remainder of the Limit. The amount exceeding the Limit is forfeited without replacement.

As of 1 January 2017, those applicants employing 75% resident workers enjoy precedence in relation to the cash purchases of tax credits.

In the past, a veto by the Alaska governor resulted in a reduction of funds for purchase of tax certificates. The fund was replenished with sufficient resources in the past, if these were required. This could change in the future, however.

Only the entity that has incurred the eligible expenditures and applied for the credit may seek to have the credit purchased by the State of Alaska. There are no deadlines for the cash purchase of the

certificate by the Division of Oil and Gas of the DNR, and interest does not accrue with respect to the cash purchase.

When the applications for issuance of tax credits are filed in a timely manner and the exploration company meets its annual reporting requirements, the State of Alaska has 120 days from 31 March of the respective year in which the application was filed to review the application and decide.

A further option for a tax credit is the acquisition of a jack-up drilling rig. The tax credit in this regard is to be granted to the first three unaffiliated companies that undertake drilling with such a jack-up drilling rig at the depths of the Tertiary layers in the Cook Inlet. The tax credits are structured as follows: The first company carrying out such drilling is entitled to a tax credit of the lesser of USD 25.0 million and 100% of the eligible costs. The second company carrying out such drilling is entitled to a tax credit of the lesser of USD 22.5 million and 90% of the eligible costs. The third company carrying out such drilling is entitled to a tax credit of the lesser of USD 20.0 million and 80% of the eligible costs. 50% of these increased tax credits are to be refunded if the exploration company sustainably produces oil and natural gas. The refund is not to be made in a single sum but in equal instalments over a period of 10 years.

Once a credit certificate has been issued, the applicant may request the State of Alaska to purchase the credit certificate. In that case the State of Alaska will make sure the applicant has no delinquent federal taxes or any production tax liability, that the applicant produces a daily average of no more than 50,000 British Thermal Units (“BTU”) equivalent barrels of oil and gas, and that all required monthly and annual declarations have been made. Only the company that has incurred the eligible expenditures and applied for the tax credit may apply for the tax credit to be purchased by the State of Alaska. However, according to the new legal situation, an option exists to assign the requested tax credits to third parties. The State of Alaska has the option to review the applicant’s entitlement to the tax credit again within 6 years after issuance of the tax credit. Such audits are conducted on a regular basis. Errors or omissions in the application of the legal provisions are revealed not infrequently, as numerous exemptions exist, such as stipulated in the Alaska Statute 43.55 and in the 15 Alaska Administrative Code 55. The tax credit applicant is liable for any excessive credits in the event of any subsequent adverse changes at its expense. The applicant must also pay interest on any excess tax credits received. This also applies to purchase prices overpaid by the State of Alaska. If a change comes about due to an audit, a possibility exists to file an appeal and also to take action before the courts against the decision of the Division of Oil and Gas of the DNR. However, existing laws and regulations can be amended by the State of Alaska or new legislation might be adopted. New principles for the implementation of production taxes might be introduced. In conclusion, significant legal uncertainty exists in connection with the tax credits and the production taxes.

The supplied funds of the oil and gas tax credit fund for cash purchase of the certificates are subject to appropriation by the legislature. The funds appropriated to the oil and gas tax credit fund were reduced once in the past (for the fiscal year 2015) based on political decisions. There are also opinions that the respective budgetary situation of the State of Alaska can have an impact on the decision-making process. Depending on the financial and budgetary situation of the State of Alaska, only reduced funds might be available for appropriation to the oil and gas tax credit fund in the future or delays could occur in the payment of the purchases prices for the cash purchase of certificates.

Should the total amount of purchases of tax credit certificates exceed the amount of the oil and gas tax credit fund, the rules of the Division of Oil and Gas of the DNR provide that the cash purchase applications received first will be first served. The regulation provides that the applications received before the first working day of a calendar year are to be considered as applications received on the

first working day and the available funds are to be allocated on a prorated basis for purchase of the applications received on the same day. The funds available to the oil and gas tax credit fund are subject to legislative appropriation and potential veto by the Governor of Alaska. Legislation is not obliged to issue its approval. If the approval is not issued, there is no possibility of sanction against the State. The fund has been provided sufficient funding in the past, when needed. There is no guarantee that the fund will also continue to be provided sufficient funding in the future.

Current law can be changed by the Alaska State legislature. Further, the Division of Oil and Gas of the DNR has not resolved all issues under current law and may continue to issue regulations and implement new policies to implement the production tax. There is significant uncertainty surrounding many aspects of the production tax and delays can occur.

The tax credit program of the State of Alaska will be discontinued in 2018.

From the start of 2012 until the end of September 2016, the DOG Group received subsidy payments in the form of the payment of tax credits of around USD 316.0 million. The DOG Group anticipates payment of further tax credits previously applied for in 2015, 2016 and 2017 in the amount of USD 165.6 million.

### **Drilling Platform, Operation and Crew**

Since May 2016 Furie Operating has used the drilling platform Randolph Yost on behalf of Cornucopia for exploration of oil and natural gas. The Randolph Yost is almost twice as large and more efficient than the previously used jack-up drilling rig Spartan Rig 151, whose drilling agreement expired as of 31 December 2015. The Randolph Yost can be used in water up to 91 meters deep and reaches depths of up to 7,620 meters. It offers space for a crew of approximately 118 persons.

#### *Offshore Daywork Drilling Agreement*

After expiry of the drilling agreement regarding the jack-up drilling rig Spartan Rig 151, Furie Operating concluded a new drilling agreement with Nordic Overseas Drilling & Services GmbH, Hamburg. As of 1 January 2016, Nordic Overseas Drilling & Services GmbH must now provide Furie Operating the drilling rig Randolph Yost, including equipment and personnel. The drilling rig is operated in the Nikiski Region of the Cook Inlet, Alaska. The agreement initially only had a term until the end of the 2016 drilling season. The parties can agree to extend the agreement.

It is only possible to drill wells in the Cook Inlet due to the extreme climatic conditions in the winter during the summer months from April to October. The jack-up drilling rig is thus dismantled in every autumn and put into winter storage, from where it is brought to its deployment site the next spring. The drilling season can be restricted by the unexpected occurrence of icy surfaces, uncommonly cold weather for the season and other circumstances set out in federal law or in local regulations for working on water. As soon as the relevant well is completed and a permanent production platform has been installed, operation and production are possible throughout the year, irrespective of the seasonal weather conditions.

### *c) Major Changes Affecting Operations and the Main Activity*

As a consequence of the start of natural gas production and the introduction of the gas into the public line network, Cornucopia earned revenues in the 2016 financial year of approx. USD 25.3 million from natural gas production.

Since May 2016 Furie Operating has used the drilling platform Randolph Yost on behalf of Cornucopia for exploration of oil and natural gas.

In 2016 the DOG Group received further state subsidy payments from tax credits and anticipates the payment of further tax credits previously applied for in 2015, 2016 and 2017 in the amount of USD 165.6 million.

In addition, the tax credit regulations were changed: subject to legislative appropriations and approval by the Alaska governor with respect to the funds for cash purchases of these tax credits, there were no statutory dollar limits for the credits in the past. As of 1 January 2017 a limit of USD 70 million per year and per each individual enterprise is applicable for cash purchases of tax credits. The first half of this limit will be repurchased at 100% of the value of the tax credits and the remaining portion of the limit will initially be repurchased at only 75% of the value of the tax credits in the relevant year. The amount exceeding this limit is lost without indemnity.

As of 1 January 2017 the applicants employing 75% resident workers will be given priority with respect to the cash purchases of tax credits.

### *d) Expert Report on the Natural Gas Deposit in the Kitchen Lights Unit*

To determine the size of its oil and natural gas deposit, the DOG Group had an independent expert report prepared by Sierra Pine Resource International (“**SPRI**”) as of 31 January 2017 (“**SPRI Report**”). The SPRI Report was prepared in conformance with the definitions and guidelines determined in the 2007 Petroleum Resources Management System.

SPRI is dedicated to the appraisal of oil and natural gas reserves and has been active in this sector for more than 15 years. Bruce Garner is a petroleum engineer registered in Texas. He successfully completed his master’s studies in Science in Petroleum Engineering at the University of Houston. He has been active in the oil and natural gas exploration sector for 39 years.

According to the SPRI Report, the “verified,” “probable” and “possible” natural gas deposits of the surveyed area in the Kitchen Lights Unit (approx. 7.900 acres) together amounted as of 31 January 2017 to around 495 billion cubic feet. This result is composed in detail as follows:

- 1P “verified”: 231,004,602 thousand cubic feet,
- 2P “verified + probable”: 376,170,692 thousand cubic feet,
- 3P “2P + possible”: 494,696,674 thousand cubic feet.

SPRI estimates that there are further uncertain deposits of 120 billion cubic feet of natural gas and around 132.9 million barrel of oil.

In the SPRI Report, the reserves were assessed as “verified,” “probable” and “possible,” specifying the technical values obtained through a comparison with data from existing extractions and types of structures.

Of the total of around 495 billion detected cubic feet of natural gas, around 231 billion cubic feet were classified as “verified,” 145.2 billion cubic feet as “probable” and 118.8 billion cubic feet as “possible.” A further 120 billion cubic feet of natural gas and 132.9 million barrels of oil were classified as uncertain reserves.

Flow tests were also performed in Kitchen Lights Unit #3. These flow tests serve to document the existence of financially expedient, extractable reserves. These tests were carried out near Kitchen Lights Unit #1 in order to delimit the reservoir and to be able to have the reservoir confirmed by the DNR. Three zones were tested. The tests revealed that the three tested zones together allow daily production of around 35.3 million cubic feet of natural gas.

## 1.4. Key Financial Information

The following tables depict selected financial data taken from the Issuer's audited annual financial statement for the business year ending 31 December 2015 and 31 December 2016 which were prepared in accordance with the general accepted accounting principles of Luxembourg ("Lux-GAAP") or general accounting standards United States ("US-GAAP"). The annual financial statements of the Issuer as of 31 December 2015 and 31 December 2016 have been audited by International Audit Services S.a.r.l., 14, Rue Edward Steichen, L-2540 Luxembourg. Due to a change of the legal format of the presentation of the profit and loss statement being effective on the annual financial statements as of 31 December 2016 for the first time, the data related to 2016 as well as the comparative figures for the business year 2015 indicated in the following table regarding the profit and loss statement have been taken from the annual financial statements as of 31 December 2016.

### The Issuer\*

<b>Selected profit and loss statement items (in EUR)</b>	<b>2015, Lux-GAAP</b>	<b>2016, Lux-GAAP</b>
Gross Profit	1,936,514	944,046
Personnel Expenses	16,000	249,398
Other Operating Expenses	4,944	60,393
Interest and other Expenses	307	575,905
Income Tax	4,410	30,803
<b>Net Income</b>	<b>1,910,853</b>	<b>27,547</b>

<b>Selected items of the balance sheet (in EUR)</b>	<b>As at 31 December 2015, Lux-GAAP</b>	<b>As at 31 December 2016, Lux-GAAP</b>
<b>ASSETS</b>		
Fixed Assets	1,659,136,633	1,784,863,401
Current Liabilities	112,749,452	738,913
Advance Payments	-	33,554
<b>Total</b>	<b>1,771,886,085</b>	<b>1,785,635,868</b>
<b>EQUITY AND LIABILITIES</b>		
Capital and Reserves	1,770,837,288	1,768,075,893
Provisions	404,296	580,000
Non-subordinated Debts	644,501	16,979,975
<b>Total</b>	<b>1,771,886,085</b>	<b>1,785,635,868</b>

\* The DOG Group confirms that it will prepare and disclose the DOG Group consolidated annual report for 2017 as well all the following financial reports in the consolidated form within the deadlines set in the Nasdaq Riga First North Rules.

## Cornucopia

<b>Consolidated Profit and Loss Statement (in USD)</b>	<b>2015 US-GAAP</b>	<b>2016 US-GAAP</b>
Sales (Oil and gas)	988,883	20,443,881
Operating result	- 45,955,264	-27,582,259
Other Income less Other Expenses	44,771,288	-11,634,430
<b>Net Income/Loss</b>	<b>-1,183,976</b>	<b>-39,216,689</b>

<b>Consolidated Balance Sheet (in USD)</b>	<b>2015 US-GAAP</b>	<b>2016 US-GAAP</b>
<b>ASSETS</b>		
Fixed Assets (oil and gas equipment and machines)	468,068,847	523,822,840
Current Assets	8,762,471	8,532,970
Other Assets	119,162,431	97,371,273
<b>Total</b>	<b>595,993,749</b>	<b>629,727,083</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	355,287,079	373,325,512
Current Liabilities	224,018,789	237,237,995
Long Term Liabilities	16,687,881	19,163,576
Other Liabilities	0	0
<b>Total</b>	<b>595,993,749</b>	<b>629,727,083</b>

In addition, the DOG Group received payments from tax credits in the amount of approximately USD 39.9 million.



## 1.5. DOG Group Presence in Capital Markets

Financial instrument:	Bond
Issuer:	Issuer
International Securities Identification Number (ISIN)	DE000DGAS529
Listing:	Frankfurt Stock Exchange (Frankfurt Open Market list)
Amount outstanding:	4,035,000.00
Listing date:	13/11/2015
Due date:	31/12/2018
Yield (% p.a.)	6.5

Financial instrument:	Bond
Issuer:	Deutsche Oel & Gas I S.A.
International Securities Identification Number (ISIN)	DE000A18X5C7
Listing:	Frankfurt Stock Exchange (Frankfurt Open Market list)
Amount outstanding:	16,200,000.00
Listing date:	22/03/2016
Due date:	31/03/2020
Yield (% p.a.)	6.5

The Issuer has also issued a 4.75% interest bearing bond which is tradable at the Frankfurt Stock Exchange under ISIN: DE000DGAS511/WKN: DGAS51. However, this bond, which should have come due on the 1st of January 2019, has never been placed.

The Issuer filed an application for the listing of the Issuer's B class shares on the Luxembourg Stock Exchange "EuroMTF" segment on June 23rd, 2017. However, this application was not successful and has been rejected. Official refusal to list shares and/or official document describing the reasons for rejecting of the application were not provided. The unofficial and non-confirmed information in the possession of the Issuer is that the company, allegedly, did not pass the compliance and reputational standards set by Luxembourg Stock Exchange. No further explanations or information was provided to the company. Furthermore, the Stock Exchange ruled without hearing of the company's management or representatives.

## 1.6. Organizational Structure, Management

The Issuer's corporate bodies are the Board of Directors, the Upper Management and the Shareholders' Meeting. The competencies of these bodies are set out in the Luxembourg Act of 10 August 1915 on Trading Companies (*Loi du 10 août 1915 concernant les sociétés commerciales*, hereinafter "**Act of 1915**") as amended, the company's Articles of Association and any rules of procedure issued for the Board of Directors.

### 1.6.1. Board of Directors

#### *a) Overview*

The Board of Directors manages the company in accordance with the applicable Luxemburg and international law (e.g. EU law), the company's Articles of Association, as well as in accordance with the resolutions passed by the Shareholders' Meeting. The Board of Directors has all powers to conduct any business and to take any measure which are necessary or suitable for achieving the business objective and that are not expressly reserved to the Shareholders' Meeting by the law, the Articles of Association or a decision of a competent corporate body.

The Board of Directors represents the company in relation to third parties.

The members of the Board of Directors are to be appointed and dismissed by the Shareholders' Meeting.

If members of the Board of Directors violate their obligations, they can be jointly and severally liable to the company or third parties for damage compensation. They may be released from this liability provided they did not take part in the violation of the obligation, they are not responsible for the violation and they notify the Shareholders' Meeting at the next meeting of the violation of the obligation as soon as they become aware of it.

#### *a) Composition, Voting and Representation*

Pursuant to the company's Articles of Association, the Issuer's Board of Directors consists of at least three members, who need not be shareholders. In the event the company has only one shareholder, the company may be managed by a single member of the Board of Directors, whereby all decisions may be taken in such event by this single member.

The Shareholders' Meeting may define Class A and Class B members of the Board of Directors.

The board members are elected by the Shareholders' Meeting for a maximum period of 6 years and remain in office until their successors are elected.

The Board of Directors elects a chairman from among its members and, in its discretion, a vice chairman. The Board of Directors may also appoint a secretary, who does not need be a board member and who is responsible for editing the minutes of the meetings of the Board of Directors and of the Shareholders' Meeting.

The Company's Board of Directors presently consists of three members. They are appointed by the Shareholders' Meeting for a maximum term of office of 6 years and will remain in office until their successors are elected. Members may be re-elected or their terms of office extended, in each case for a maximum of 6 years. A board member may be dismissed and replaced at any time with or without cause by decision of the Shareholders' Meeting. In the case of a vacancy of a board member as a result of death, retirement or any other reason, the remaining board members will appoint a board member by majority vote to fill this vacancy until the next Shareholders' Meeting.

The Board of Directors may discuss and deliberate validly only if at least a majority of the directors is present or represented at the meeting of the Board of Directors. Resolutions of the Board of Directors are passed by a majority of the directors present or represented. In the event of a voting tie, the vote of the chairman shall be the casting vote.

Each board member may participate in a Board of Directors' meeting by conference call or similar means of communication allowing all the persons taking part in the meeting to hear one another and to communicate with one another. The meeting may also be held by conference call only. The participation in a meeting by these means is equivalent to a participation in person at such meeting.

Board of Directors members may unanimously pass resolutions on one or several similar documents by circular means when they are explicitly approved in writing, by cable, telegram, telex or facsimile or any other similar means of communications. The entirety will form the minutes giving evidence of the resolution.

Pursuant to the company's Articles of Association, the Board of Directors may delegate to one or more of its members its power to conduct the daily business and to represent the company in conducting such business; such members may also establish committees that may operate under the same prerequisites as the Board of Directors.

The company will be bound by the joint signature of any two directors. In the event the Shareholders' Meeting has appointed different classes of directors (namely class A directors and class B directors), the company may be validly bound by the sole signature of the class A director who is chairman of the board, or by the joint signature of two A class directors or by joint signature of one class A director and one class B director. The company shall also be bound by the joint or sole signature of any person(s) to whom special signatory powers have been delegated by the Board of Directors.

With respect to the matters that constitute daily management of the company, the company may be bound towards third parties by the sole signature of (i) the "Chief Executive Officer" or "CEO" ("*Administrateur délégué*" or "*Délégué à la gestion journalière*"), (ii) the "Chief Financial Officer" or "CFO" ("*Directeur Financier*") or (iii) any other person(s) to whom such power in relation to the daily management of the company has been delegated.

The authorized capital of the company is limited to the maximum of EUR 5,000,000,000 (five billion Euros). For a period of five (5) years ending as of 29 June 2022, the Board of Directors is entitled to issue additional shares, share classes and any other financial instruments, amongst others, but not limited to, in exchange for a contribution in cash or in kind including, but not limited to, capitalization of results or receivables, to convert shares of a certain class into shares of another class, to redeem and/or cancel shares, share classes and any other financial instruments, in one or several times, pursuant to the terms and conditions that it determines in its sole discretion and, in particular, without the requirement to reserve a preferential right of subscription to existing shareholders in respect of such new shares or financial instruments, whereby the board of directors has to observe at all times the maximum amount of the authorized capital.

As far as the Board of Directors, pursuant to the foregoing authorization, carries out such issues without reserving preferential subscription rights to the existing shareholders, it shall draw up a special report to the Shareholders' Meeting, in accordance with article 32-3 (5) of the Act of 1915.

The Board of Directors may delegate to any duly-authorized director or any other person duly authorized to carry out and process the issuance of new shares or other financial instruments on the company's behalf, to receive payments in cash or in kind in respect of the capital increases or other financial instruments, carry out and process the conversion of shares of a certain class into shares of another class, to carry out and process the redemption and/or cancellation of shares or other financial instruments, to record capital increases, decreases and the issuance and redemption and/or cancellation of financial instruments by way of notarial deed and to update the share register accordingly. The Board of Directors shall inform the ordinary annual Shareholders' Meeting each year of the transactions carried out in that respect in the relevant year.

#### *b) Current Members*

Currently, the Issuer's Board of Directors consists of three members, two of whom are Class A board members and one of whom is a Class B board member.

#### **Class A Board Members:**

##### **Mr. Kay Rieck**

Mr. Kay Rieck, was born on 24 February 1964 in Doebeln, Germany, studied Business Administration at the University of Mannheim and then worked as a financial advisor and broker on the New York Stock Exchange.

In the ensuing years from 1989 to 1999, Mr. Rieck worked as an independent broker on the New York Stock Exchange, the New York Board of Trade and the Chicago Board of Trade in the investment banking and asset management segments, followed by activities as an independent advisor in corporate restructuring and reorganization.

From 1999 to 2007 Kay Rieck was an independent advisor for the restructuring of distressed enterprises. In 2008 he founded the company Furie Petroleum, U.S.A., whose operative business is dedicated to oil and natural gas exploration.

In 2012 Mr. Rieck founded DOG AG, which functioned until the sale of all shares held by it in Cornucopia to the Issuer by agreement dated 29 December 2015 as a management and financing company for its operative subsidiaries and associated companies, Cornucopia and Furie Operating, which are active in oil and gas exploration in the State of Alaska. Mr. Rieck indirectly holds approx. 76.26 % of the shares in the Issuer. Mr. Rieck is moreover member of the Management Board and sole owner of Furie Petroleum Company, LLC. He is also Managing Director of Advanced Capital, LLC, a non-commercially-active subsidiary of Furie Petroleum Company, LLC. Together with Mr. Matthias Moosmann, Mr. Rieck is furthermore a partner of Energy Capital Invest Oil & Gas Alaska GbR. He is also sole shareholder of Alecto. Since 6 June 2014 Mr. Rieck is a member of the Issuer's Board of Directors as a Class A board member. His term of office will end on the date of the general meeting to be held in 2020.

Mr. Rieck does not hold any shares in the Issuer directly. Indirectly, he holds approx. 76.26% of the shares in the Issuer. Mr. Rieck holds no options to shares in the Issuer.

### **Mr. Thomas Knipp**

Mr. Thomas Knipp, was born on 1 November 1961 in Bonn, Germany, is a trained journalist and business consultant.

Mr. Knipp has worked for 25 years partly in prominent positions for national and international publications. Following positions in the local journalism he published from 1989 to 1993 for the editorial office for economics of the newspaper Frankfurter Allgemeinen Zeitung. He reported for the newspaper Handelsblatt from 1993 to 1999 from London and New York. Since 1999 he held various management positions – until 2001 as vice editor-in-chief of the Wall Street Journal Europe and from 2001 to 2004 as editor-in-chief of the Handelsblatt. As business consultant he advised his clients on M&A transactions, initial public offerings, in crisis situations and in leadership issues. The shareholders' meeting on 29 June 2017 appointed Mr. Knipp as Class A board member of directors of the Issuer. His term of office will end on the date of the general meeting to be held in 2023. He will be responsible as COO for the departments legal, IT, HR, External Relations, strategy implementation and M&A.

From 2005 to 2015 Mr. Knipp was a Senior Partner of Brunswick Group LLP London, Great Britain, a business consulting for communication, and managing director of Brunswick Group GmbH, Frankfurt am Main, leading the German business activities of the Brunswick Group GmbH in this position.

Mr. Knipp holds 126,391 class B shares and no options to shares in the Issuer.

### **Class B Board Member:**

#### **Mr. Marco Quacken**

Mr. Marco Quacken, was born on 19 May 1970 in Gelsenkirchen, Germany, is a graduate in international business administration. He studied at the International School of Management in Dortmund, the European Business School in London and the International School of Management in San Diego.

Until 1996 Mr. Quacken worked as a freelance journalist and in the moderation and organization of events for renowned companies. From 1996 to 1997 Mr. Quacken was active as a project manager in London. He then worked as a communications advisor at various advertising agencies in Bochum and Düsseldorf until 2001. From 2001 to 2004 Mr. Quacken worked for clicktvities ag in Düsseldorf (an online service provider). Since 2006 Mr. Quacken has been active on a self-employed basis in the design, planning and realization of financial products / close-ended funds focused on the energy sector. Since 6 June 2014 Mr. Quacken is member of the Issuer's Board of Directors as class B director. His term of office will end on the date of the general meeting to be held in 2020.

In the last five years, Mr. Quacken has not exercised any functions as a member of any board of directors or management or supervisory board or as a partner (that means shareholder in a partnership) in any companies outside the DOG Group.

Mr. Quacken does not hold any shares or options to shares in the Issuer.

The members of the Board of Directors can be reached at the Issuer's business address.

#### *c) Employment Agreements*

Mr. Rieck and Mr. Quacken do not have any service or employment agreement with any company of the DOG Group and have not received any compensation from such agreements from these companies in recent years. Since 1 January 2016 Mr. Degenhardt (Mr. Degenhardt declared to resign from the office of the board member of the Issuer on 30 June 2017) has received a remuneration of EUR 120,000.00 p.a. from the Issuer for his activity for the Issuer and the DOG Group. In the financial year 2015 Mr. Degenhardt received a remuneration in the same amount from DOG AG, which at the end of 2015 ceased to be a member of the DOG Group. Since January 2017 Mr. Knipp has entered into a consultancy agreement with the Issuer. He has not received any compensation from any service or employment agreement from any company of the DOG Group in the last year. He will receive a remuneration from the Issuer for his activity as member of the Board of directors whereby the amount and the terms and conditions are currently under negotiation.

No reserves or provisions for pensions or similar benefits exist at the Issuer or its subsidiaries. No corresponding commitments currently exist.

#### *d) Stock Transactions of Board Members*

The member of the Issuer's Board of Directors, Mr. Kay Rieck, is - indirectly - the sole shareholder of DOG KG. On 10 April 2014 DOG KG acquired all 31,000 shares in the Issuer existing on that date for EUR 1.00 per share. Based on a capital increase resolution of 6 June 2014, DOG KG acquired further 4,969,000 shares in the Issuer in return for the shareholding in DOG AG as a contribution in kind. The shares from this contribution in kind were issued at EUR 1.00 per share, the agio was determined at EUR 31,000.00.

By resolution of the Issuer's Board of Directors and notarial deed on 26 November 2014, the Issuer's share capital was increased by EUR 475,080,000.00 to EUR 480,081,200.00 by way of a contribution in kind of 500,000 shares in DOG AG by DOG KG whereby DOG KG was granted 49,444,308 Class B shares and 425,635,692 Class A shares in the company in return.

On 19 November 2015 DOG KG transferred all 395,316,844 shares held by it in the company to Alecto against payment of EUR 10,000.00. As further consideration, Alecto agreed to unrestrictedly assume the obligations of DOG KG from a sale option granted to the investors for the account of DOG KG in relation to the respective buyers of the shares and to release DOG KG from all obligations based on the sale option.

#### *e) Credits, Stockholdings, Other Legal Relations and Conflicts of Interest*

The members of the Board of Directors were not granted any credits in the financial year 2016.

No sanctions have been brought against the board members in the last five years due to violation of domestic or foreign provisions applicable to criminal or capital market law. Specifically, no convictions

relating to fraudulent offences have been brought against the board members. The board members were not involved in any bankruptcy or insolvency proceedings or liquidations in the last five years. No public accusations have been made against the board members, nor have any sanctions been brought against them by legal authorities or regulatory agencies (including designated professional bodies), nor have they ever been disqualified by a court from acting as a member of the administrative, management or supervisory body of any company, or from acting in the management or from conduct of the affairs of any company.

The legal relations between the members of the Board of Directors and the DOG Group are presented in Section “Material Agreements” and “Related Party Transactions”. From the agreements between companies controlled by Mr. Rieck conflicts of interest could arise for Mr. Rieck, e.g. if disputes arise regarding obligations resulting from such agreements. There are no further potential conflicts of interest beyond those presented there between the personal interests of the Board of Directors members or their other obligations in relation to their obligations towards the Issuer.

### 1.6.2. Upper Management

In addition to the Board of Directors there exists an upper management at the Issuer, consisting of Mr. Christoph Mahler as Chief Financial Officer (CFO) as of 1 July 2017.

#### **Mr. Christoph Mahler**

Mr. Christoph Mahler, born on 27 February 1975 in Basel, Switzerland, is a legal practitioner and achieved an MBA degree at the Booth School of Business of the University of Chicago.

Mr. Mahler has worked for 15 years partly in prominent positions for international financial service providers. Most recently Mr. Mahler worked as director at Credit Suisse AG, in Zurich leading in this position the Middle East business of the bank before joining the PWA Private Wealth Advisors AG in Zug, Switzerland, a company that gives advice on financial issues to firms and private clients.

The following table lists all functions Mr. Mahler has exercised as a member of any Board of Directors or management or supervisory board or as a partner (this means shareholder in a partnership) in any companies outside the DOG Group in the last 5 years:

<b>Company</b>	<b>Position</b>	<b>From - Until</b>
PWA Private Wealth Advisors AG, Zurich, Switzerland	Member of the Board of Directors	Since November 2016

Mr. Mahler holds no shares or options to shares in the Issuer.

Mr. Mahler can be reached at the Company’s business address.

No sanctions have been brought against Mr. Mahler in the last five years due to violation of domestic or foreign provisions applicable to criminal or capital market law. Specifically, no convictions relating to fraudulent offences have been brought against Mr. Mahler. Mr. Mahler was not involved in any bankruptcy or insolvency proceedings or liquidations in the last five years. No public accusations have been made against Mr. Mahler, nor have any sanctions been brought against him by legal authorities or regulatory agencies (including designated professional bodies), nor has he ever been disqualified

by a court from acting as a member of the administrative, management or supervisory body of any company, or from acting in the management or from conduct of the affairs of any company.

There exist no legal relations between Mr. Mahler and the DOG Group beyond his future employment contract and there are no further potential conflicts of interest between Mr. Mahler's personal interests or his other obligations in relation to his obligations towards DOG SA.

There are no kinship relationships between the members of the Board of Directors and Mr. Mahler.

Mr. Mahler has not received any compensation from any service or employment agreement from any company of the DOG Group in the last year. He will receive remuneration from DOG SA for his services in the upper management whereby the amount and the terms and conditions are currently under negotiation.

### 1.6.3. Shareholders' Meeting

The Shareholders' Meeting is a general meeting of the Issuer's stockholders.

#### *a) Convocation*

Shareholders' Meetings are normally convoked once a year (ordinary Shareholders' Meeting). Additionally extraordinary Shareholders' Meetings may be convoked.

The Board of Directors is responsible for convoking Shareholders' Meetings and notifying the agenda.

Pursuant to the Luxembourg law and the company's Articles of Association, annual Shareholders' Meetings shall take place at the place, date and time determined by the Board of Directors. The annual Shareholders' Meeting may be held abroad if the Board of Directors determines at its own discretion that the circumstances so require. Beyond this, the Board of Directors is to decide at its free discretion on the convocation of extraordinary Shareholders' Meetings. The law additionally gives the auditor (*commissaire aux comptes*) the right to convoke the Shareholders' Meetings if the auditor has requested the Board of Directors without success to convoke a Shareholders' Meeting. The shareholders together holding at least 10% of the share capital may likewise request the convocation of a general Shareholders' Meeting by the Board of Directors or the auditor.

The convocation of the general Shareholders' Meeting contains the agenda and specifies the place, date and time of the meeting. The invitation to each general Shareholders' Meeting contains the agenda and will be announced at least 30 days for before the date of shareholders meeting.

All shareholders are entitled to be admitted and vote at the general meeting based on the number of shares they hold on a date and time preceding the general meeting as the record date for admission to the general meeting (the "**Record Date**"), which the Board of Directors may determine as specified in the convening notice.

Any shareholder, holder or depositary who wishes to attend a Shareholders' Meeting shall inform the company of its intention to participate in the Shareholders' Meeting in writing by post or electronic means at the postal or electronic address indicated in the convening notice, no later than the day determined by the Board of Directors, which may not be later than the Record Date, indicated in the



convening notice. In case of shares held through a securities settlement system or with a depository, a shareholder wishing to attend a general meeting should receive from such operator or depository a confirmation certifying the number of shares recorded in the relevant account on the Record Date. The confirmation should be submitted to the company no later than ten business days prior to the date of such Shareholders' Meeting. If the shareholder votes by means of a proxy, the proxy shall be deposited at the registered office of the company or with any agent of the company, duly authorized to receive such proxies, at the same time.

In the company's Articles of Association, there are no requirements that are more stringent with respect to the measures concerning changes of the shareholder rights than the provisions of law.

#### *b) Voting*

Each no-par-value share grants its holder one vote in the Shareholders' Meeting.

Each shareholder may be represented at the Shareholders' Meeting by appointing another person as his proxy in writing, by fax, cable, telegram, telex or, provided the genuineness thereof is ensured, electronic transmission. The Board of Directors may set additional terms and procedures for such purpose.

Upon decision of the Board of Directors, any shareholder may participate in any Shareholders' Meeting by video conference, conference-call or by way of similar means of communication allowing all the persons taking part in the meeting to hear one another, to communicate with one another and allowing to vote before or during the Shareholders' Meeting. The participation in, or the holding of, a meeting by these means is equivalent to a participation in person at such meeting or the holding of a meeting in person.

Where agreed on by the Board of Directors, each shareholder may vote at the Shareholders' Meeting through a signed voting form sent to the company by mail, facsimile or email and delivered to the company's registered office or any other address as specified in the convening notice. The shareholders may only use the voting forms provided by the company which contain at least the place, date, time and agenda of the meeting, the proposals submitted to the resolutions of the meeting, and for each proposal three boxes allowing the shareholder to vote in favour or against the proposed resolution or to abstain from voting thereon. The Board of Directors is authorized to determine all other mentions and conditions to be included in the voting forms for each Shareholders' Meeting. The voting forms will also include any other mentions required by law. The company will only take into account voting forms received no later than ten business days prior to the date of the Shareholders' Meeting to which they relate.

Unless stipulated otherwise by statutory law, resolutions of the Shareholders' Meeting are passed by simple majority of the votes cast. Inter alia, increasing the obligations of the shareholders requires an unanimous resolution of the shareholders.

The law in principle does not require a quorum to be constituted at the ordinary Shareholders' Meeting.

For an extraordinary Shareholders' Meeting, i.e. a meeting leading to a modification of the Articles of Association, a minimum quorum to be constituted is required by the law, with at least half of the share capital having to be represented at the meeting (Article 67-1 § 2 of the Act of 1915).

In accordance with the Act of 1915, resolutions of the shareholders in an extraordinary Shareholders' Meeting require, beyond a majority of the votes cast, a majority of at least two-thirds of the votes cast.

Those resolutions entailing a modification of the Articles of Association in particular cover resolutions on the following:

- capital increases,
- capital decreases,
- the creation of new share classes,
- the creation of approved or conditional capital,
- a change in the legal form of the company, and
- the dissolution of the company.

## 1.7. Competitive Situation and Most Significant Markets

### 1.7.1. Key Markets

The exploration focus of the DOG Group is on the Kitchen Lights Unit, located in the Cook Inlet Basin. The DOG Group is thus active in the market for fossil fuels, particularly natural gas and oil, and in the global energy market in the broad sense. The DOG Group has started in its Kitchen Lights Unit natural gas and oil exploration territory in southern Alaska in November 2015 to produce and sell natural gas. The production and sale of oil will begin in 2018/2019 at the earliest.

#### *a) Global Energy Market*

Energy production and consumption make up a substantial share of the global economy. The major portion of energy requirements is attributable to public and private transport on land, in the air and at sea. The primary energy resources are currently still oil, natural gas, coal and nuclear fuels, even if the production of renewable energies from water, wind and sun increased. The energy market is determined by supply and demand that is impacted by the development of the global economy. Because oil and natural gas reserves and other hydrocarbons are limited, resources are becoming more and more scarce, even if new technologies are now making it possible to exploit previously commercially unexploitable reserves. Energy efficiency is thus taking on greater significance in the global energy market (source: BP, Energy Outlook 2035, February 2015).

Long-term forecasts predict that energy consumption in the period from 2013 to 2035 will increase by 1.4% per year, leading to a 37% increase in energy consumption by 2035 (source: BP Energy Outlook 2035, February 2015).

The pace at which global economy and thus also future energy requirements are developing will be decisive in the mid-view of the providers for the price development and growth on the energy market. The DOG Group is of the opinion that long-term development of energy requirements and the price developments influenced thereby will be decisive for the scope of investment in oil and natural gas exploration. However, the degree of government regulation to protect nature and the environment and to improve energy efficiency are major factors of influence in the opinion of the DOG Group. The imposition or lifting of sanctions against natural gas and oil exporting countries can also have a significant impact on supply and thus on the price level of oil and natural gas. Declining raw material prices can also cause resource exporting countries to drastically increase their production volumes to compensate with the lower revenues and resulting budgetary deficits. The resulting surplus supply can cause prices to spiral downward.

#### *b) Global Fossil Fuel Market*

Because the DOG Group is active in the oil and natural gas exploration sector, it is subject to influence from developments on the market for fossil fuels. The fossil fuels market is divided into fluid fuels (biofuels and conventional fuels), natural gases (shale gas and conventionally extracted gas) and coal, while the market share of the respective types of fuels continuously changes. While the growth of

global energy requirements is increasingly being serviced by non-fossil fuels, natural gas provides the largest contribution towards the predicted growth of the global energy requirements. Despite the increasing impact of non-fossil fuels, fossil fuels will still have a market share of 81% in 2035 (after around 86% in 2013). Natural gas, oil and coal as individual fossil fuels are forecasted to have a market share of 26% to 28% by the year 2035 (source: BP, Energy Outlook 2035, February 2015).

According to BP's Energy Outlook 2035 (February 2015), non-fossil fuel market shares are to increase at the expense of coal and oil and the generation of renewable energies is to increase by 2035 to a market share of 8% compared to a 2015 market share of 3% (source: BP Energy Outlook 2035, February 2015).

### *c) Global Oil Market and Prices*

International crude oil prices decreased until 2009, but recovered in 2010 to over USD 70 per barrel, reaching a price of USD 114 per barrel in February 2013 (source: OPEC Monthly Oil Market Reports). Since mid-2014, the crude oil prices of the two most important brands WTI (West Texas Intermediate) and Brent (named after the oil field of the same name in the North Sea) have declined almost uninterruptedly. While a 159-liter barrel of Brent crude still cost USD 112 at the end of June 2014, the price was only approximately USD 63 at the end of July 2015. In January 2016, the price ultimately went under the USD 30 per barrel mark. The U.S. Energy Information Administration ("EIA") forecasts an average oil price of USD 38 per barrel in 2016 and USD 50 per barrel in 2017. The price forecasts for both years apply uniformly to WTI and Brent. The EIA emphasizes that the forecasts are encumbered with a high degree of uncertainty (source: EIA, Short-Term Energy Outlook February 2016).

### *d) Main Reasons for Fossil Fuel Demand*

Crude oil price development is subject to the influences of various global factors:

**Economic growth:** in light of the growing energy consumption and moderate population growth in developed countries, according to market analysts growth of the global economy is mainly to be affected by the so called emerging markets of countries not affiliated with the Organisation for Economic Co-operation and Development ("**OECD**"), because industry is disproportionately growing in these countries, allowing expectations for sharply rising demand for all fossil fuel types. It is expected, that the forecast of growth in energy consumption by 2035 will actually be caused by up to 96% by the growing emerging markets (source: BP Energy Outlook 2035, February 2015). Demand for fossil fuels thus depends on economic growth in the emerging markets. Any slowdown in economic growth in the emerging markets, as is currently observable in China, can lead to a significant decline in oil demand. The International Monetary Fund expects a slowdown in growth in China from 6.9% in 2015 to 6.3% in 2016 to 6.0% in 2017.

**Price policy of the Organization of Petroleum Exporting Countries ("**OPEC**") through supply shortages:** Supply and demand for oil are largely influenced through the stabilizing and regulating measures of the OPEC, lying in the coordinated determination of production rates and prices. Oil supply will increase until 2035 by 20 million barrels per day. The largest share in the increase of oil supply is enjoyed by states that do not form part of the OPEC, with an increase of 13 million barrels per day. In

contrast, the supply of OPEC countries will increase by only 7 million barrels per day (source: BP Energy Outlook 2035, February 2015). Although the supply from non-OPEC countries is growing, OPEC will continue to have a key impact on the development of oil prices. However, some of the OPEC states might consciously work to decrease oil prices through excess oil production and supply, in order to oust competitors from the market. For competitors with comparatively high production costs, the risk of insolvency and market withdrawal exists in the case of a sustained phase of low oil prices.

GDP growth: Global gross domestic product (“**GDP**”) has a decisive impact on the energy market, even though the demand for fossil fuels depends on the economic situation. BP analysts estimate that global GDP per inhabitant will increase by 75% in the period from 2015 to 2035 (source: BP Energy Outlook 2035, February 2015).

Dependency on imports: Analysts estimate that the dependency on imports, measured as the percentage of demand covered through imports, will increase for most energy importers. This does not apply to the United States, however, where the dependency on oil imports and other fossil fuels will sharply decrease. In the base case scenario of the EIA, energy imports and exports in the USA will likely balance out by 2028 (source: EIA Annual Energy Outlook 2015 with Projections to 2040). Through the increased extraction of shale oil and ethanol, America’s oil demand will decrease as will the volume of oil imports. In contrast, dependency on imports in Europe and Asia will continue to increase (source: BP Energy Outlook 2035, February 2015).

Growth of the vehicle market: Market analysts estimate that the global vehicle market will more than double from the current 1.2 billion to 2.4 billion vehicles by 2035. Around 88% of this growth will take place in non-OECD countries (source: BP Energy Outlook 2035, February 2015). This can have an impact on fossil fuel demand and prices, particularly for oil. It cannot be predicted whether and to what extent electrically driven cars will become popular in the market and what consequential effects they can be expected to have on fossil fuel demand and prices.

Natural disasters: After the earthquake and tsunami in Japan in 2011, the Japanese energy industry turned away from nuclear energy and has focused much more since then on the other fuels. The long-term perspective for nuclear energy remains unclear.

#### *e) Greater Adverse Effects on the Fossil Fuel Markets*

Energy efficiency: Despite the growth in global GDP, it can be assumed that energy consumption will generally decrease globally in relation to GDP and per capita based on anticipated state measures to improve energy use and on a higher degree of consumer awareness about energy efficiency.

Reduction in consumption by vehicles: A key factor on market forecasts for the demand for fuels is the transport sector, which continues to be dominated by oil and biofuels. The market share of alternative energy sources for vehicle propulsion, in particular natural gas and electricity, will tentatively grow from 5% in 2013 to 11% in 2035 (source: BP Energy Outlook 2035, February 2015). Currently, draft U.S. legislation, which foresees CO<sub>2</sub> emission standards (“CAFE”) for automobiles and transporters, will presumably have a large impact on the U.S. market for means of transportation and a long-term effect on the sale of pure gasoline consuming automobiles. In one scenario, American analysts forecast a shift within the market for vehicles to hybrid vehicles, which is to bring about lower total consumption of oil and other fuels in the transportation sector. Insofar as they slowly replace

fossil fuels in vehicle propulsion, renewable energies could increasingly have an effect on the demand and price of oil.

State promotion of renewable energies: Fossil fuels are slightly losing market shares in total energy consumption to non-fossil fuels, led by renewable energies (source: BP Energy Outlook 2035, February 2015). Non-fossil fuels, above all renewable energies, will display strong growth until 2035 both in the OECD countries and in countries not pertaining to the OECD. Currently, the share of renewable energies in the EU is growing fastest. The BP analysts also estimate that in 2035 the share of renewable energies in total energy supply will increase from 32% in 2013 to 38% (source: BP Energy Outlook 2035, February 2015).

#### *f) Global Gas Market and Prices*

Natural gas will play a key role in high-growth global markets. BP predicts that natural gas will be the fastest growing fossil fuel worldwide and will see growth in demand of 1.9% per year in the assessment period until 2035. Global demand will reach around 490 billion cubic feet per day by 2035. Growth will be driven above all by non-OECD states (2.5% per year), while OECD states are forecasted to have growth of only 1.1% per year (source: BP Energy Outlook 2035, February 2015). In 2013 the average Henry Hub Spot Price for natural gas amounted to USD 3.73 per million BTU. The EIA forecasts an average Henry Hub Spot Price for natural gas in the reference scenario of USD 4.88 per million BTU in 2020 and of USD 7.85 per million BTU in 2040 (source: EIA Annual Energy Outlook 2015). The global natural gas market breaks down into gas and LNG (gas liquefied for transport). LNG is gaining in importance within the sharply increasing demand for natural gas. LNG enables remote natural gas reserves to be connected to global consumer markets. Global trade in LNG is predicted to increase by 4.3% p.a. until 2035 to a share of around 50% of all traded gas, while the share of gas traded interregional via pipelines will decrease. Nevertheless, most trade in gas will continue to happen via pipelines until 2035 (source: BP Energy Outlook 2035, February 2015).

Similar to the oil market, the market for natural gas is strongly influenced by economic development and GDP growth, but also by increased awareness of the need for energy conservation.

#### *g) Natural Gas Market in Southcentral Alaska*

Alaska has approx. 0.7 million inhabitants, approx. 400,000 of whom live in the so-called Rail Belt Region in South Alaska. Alaska has substantial natural gas deposits, with major deposits being discovered in Alaska's North Slope and the Cook Inlet. The U.S. Geological Survey estimates the undiscovered but technically exploitable natural gas reserves in the Cook Inlet at approx. 4,976 to 39,737 billion cubic feet (with an estimated mean of 19,037 billion cubic feet) and the undiscovered reserves of liquid natural gas at 6 to 121 million barrels (with an estimated mean of 46 million barrels) (source: USGS Fact Sheet 2011). Although, when considered absolutely, Alaska has very low demand for energy compared to other states in the United States, average per capita energy consumption is one of the highest in the entire United States (source: EIA Fact Sheet).

Total annual natural gas consumption in Alaska amounted to 333,312 million cubic feet in 2010 (source: EIA Fact Sheet). Natural gas is used to generate approx. 54% of the electricity consumed by industry and private households in Alaska. Natural gas is a key component of Alaska's energy portfolio

and will likely remain so in the foreseeable future (source: Alaska Energy Wiki, powered by the Alaska Center for Energy and Power). Cook Inlet supplies 80% of the population in Alaska and its industry in the southcentral region with natural gas (source: U.S. Energy Administration Fact Sheet).

Although a large volume of natural gas is extracted in the Alaska North Slope in addition to oil production, there is no natural gas pipeline from the North Slope to Southcentral Alaska. The reason is the high cost of natural gas transport from the regions with known large deposits to the scantily populated areas where the gas is required for heating and to generate electricity (source: Alaska Energy Wiki, powered by the Alaska Center for Energy and Power).

According to 2012 EIA forecasts, natural gas production until 2020 in the Cook Inlet will decrease by 6% per year (source: EIA Energy Outlook 2020). Even if consumption does not increase, such a decrease in production will lead to supply shortages, particularly at peak times during the winter. Moreover, the planned opening of the Donlin Mine in 2018 / 2019 (with anticipated natural gas consumption of approx. 30 million cubic feet per day) will cover a portion of the natural gas demand. Seasonal gaps between supply and demand in the winter months currently lead to deficit supply of 30-40 million cubic feet per day and will increase to up to 120 million cubic feet per day in 2020. According to the Petrotechnical Resources of Alaska (“PRA”) Cook Inlet Gas Study (source: PRA Cook Inlet Gas Study), an average of 13.6 new natural gas sources has been developed recently each year, with the related production normally being delivered to energy supply companies based on already existing agreements. The PRA Cook Inlet Gas Study assumes that the natural gas supply shortage will continue from 2013 to 2019 as a result of the declining number of producing natural gas sources and the declining production rates for newly developed natural gas sources in the Cook Inlet. In order to ensure adequate natural gas supply beyond 2018, far more natural gas sources will have to be developed each year than is currently the case. The PRA Cook Inlet Gas Study concluded that 185 new natural gas sources will have to be developed in order to secure supply until 2020, which will lead to an estimated cost of USD 1.9 to 2.8 billion.

In accordance with the PRA Cook Inlet Gas Study, the lack of successful wells in the near future might lead to a situation where more and more LNG will have to be imported to Southcentral Alaska. According to an update of the PRA Cook Inlet Gas Study, it is economically recommendable to enable additional natural gas production in the Cook Inlet through further wells. Even assuming that new production sites add a production volume of 20 million cubic feet per day to the annual production volumes, supply shortages will come about as of 2015. To avert such a deficit in the period from 2015 to 2019, the annual production volume will have to be increased by 31 million cubic feet per day (source: PRA Cook Inlet Update).

Southcentral Alaska in recent decades has become increasingly dependent on natural gas production in the Cook Inlet for the generation of power and heating and for industrial purposes. The DNR anticipates that the natural gas shortage will sharply increase due to the decreasing deposits and supply volumes from producing natural gas sources (source: PRA Cook Inlet Gas Study). According to the Annual Energy Outlook 2015 from the EIA, in the reference scenario a steady decrease in natural gas exploitation can be expected in Alaska from 330 billion cubic feet in 2012 to 250 billion cubic feet in 2025. Only afterwards can significant growth in natural gas exploration be expected in Alaska. The DOG Group is of the opinion that natural gas production will decrease annually between 15 % and 20%. To avert the ensuing supply shortages, the State of Alaska has created a subsidy program to promote exploration and production of oil and natural gas. In light of the declining production capacity in the Cook Inlet and the declining natural gas supply in Southcentral Alaska, Alaskan legislative has ratified state subsidy legislation intended to create additional incentives for oil and natural gas exploration and development. The DOG Group is of the opinion that competitors will first be able in

mid-2018 at the earliest to develop alternative natural gas deposits on the mainland. This presumption is based on the assumption that most of the accessible fields on land, if any, have already been developed. New explorations are therefore necessary that include all the additional steps, e.g. the determination of promising oil and natural gas fields, the attainment of the necessary permits and the construction of the necessary infrastructure for production and sale of oil and natural gas. Because large onshore fields have already been discovered and exploited in the last 50 years, only small fields remain with weak exploration perspectives, requiring the employment of large amounts of capital.

### 1.7.2. Market Position of the DOG Group

According to the Issuer's current assessment, the current low oil price has presumably no effect on the DOG Group's business model. It could even have a slightly positive effect for the DOG Group. Specialists and drilling equipment are less expensive based on the decline in oil exploration activities and the lower costs worldwide for exploration specialists and equipment.

To date, the DOG Group has exclusively extracted natural gas and profits from the special market situation in Alaska, which, according to the Issuer's observations, has to date enabled prices above the normal market level. Due to its geographic location, Alaska is separate from the rest of the U.S. market. Though there are sufficient gas reserves, these have not yet been developed and current gas extraction does not meet the local demand. The resulting energy supply shortage leads to gas prices that are more than three times the current U.S. reference value (Henry Hub Price) (source: <https://www.eia.gov/dnav/ng/hist/rngwhhdd.htm>). Transporting gas from other states in the U.S. to Alaska is not profitable, in the Issuer's estimation.

The State of Alaska therefore supports investments in the development of gas and oil reserves through comprehensive subsidies. Companies such as the DOG Group are reimbursed for 65% (or less as of 2017) of the drilling costs and around 45% (or less as of 2017) of infrastructure expenditures in the form of tax credits or investment subsidies. The competent authorities moreover recognize the Kitchen Lights Unit#3 well in the Kitchen Lights Unit development area of the DOG Group as an official discovery well for four previously undiscovered extraction zones and therefore reduced the production-related license royalties from 12.5 to 5.0%. For the DOG Group this signifies a savings of 7.5% in license royalties and thus correspondingly higher cash flow.

The DOG Group began natural gas production and sale in its natural gas and oil production area, the Kitchen Lights Unit, in South Alaska in November 2015. The current daily production of 14 million cubic feet of natural gas is to be increased gradually until 2018 to up to 45 million cubic feet of natural gas. With a methane content of around 99%, the extracted natural gas is of high quality, in the Issuer's estimation.

The currently attained initial production volumes and revenues were increased in the third quarter of 2016 through a further producing well. The regulatory and technical prerequisites necessary for this were procured. In particular, the DOG Group doubled natural gas production in 2016 in its Kitchen Lights Unit development area in South Alaska. A further natural gas drilling was carried out for this purpose, using the so-called "double strand technique." This technique enables simultaneous development of several extraction layers. In this way, the same extraction volumes are attained as with two separate wells - though much faster and more cost-effective. In the 2016 financial year Cornucopia earned total revenues of approx. USD 25.3 million from natural gas production. Annual revenues from the sale of natural gas are to increase through continuous expansion of the



development area in the Cook Inlet until 2019 to more than USD 185 million per year. This plan (which is not guaranteed) solely relates to natural gas production and does not take into account any further inflows from the investment promotions of the State of Alaska (tax credits) or from possible oil production. This plan is based on various assumptions, including inter alia that the well plan will be met for 2017 and 2018, which is uncertain, inter alia because it has not been financed to date.

Moreover, the DOG Group opened a third natural gas well in 2016, which is scheduled to be completed for production in 2017. In total, the future daily produced volume of natural gas is planned to be increased in 2018 to at least 45 million cubic feet. The financing must still be arranged for the respective necessary investments, however.

Beyond the six already existing supply agreements, the DOG Group continuously reviews other options. For example, the company is currently conducting talks with the Alaska Industrial Development and Export Authority about a long-term municipal natural gas purchase agreement.

### 1.7.3. Competitors

The Issuer and the DOG Group view the following companies as their main competitors:

#### **AIX Energy, LLC (Texas)**

AIX Energy, LLC (“AIX”) acquired the debt of Buccaneer Energy Ltd, in April 2014. AIX operates the Kenai Loop Gas field near the city of Kenai, Alaska. AIX currently produces approximately 10,000 Mcfd of natural gas from two gas wells (source: State of Alaska website).

#### **Blue Crest Energy, Inc. (Texas)**

Blue Crest Energy plans on developing two natural gas sources in the Cook Inlet in the “Cosmopolitan Region”: one source in the “Southern Cross Region” (located south of the Kitchen Lights Unit) and another source in the northwest of the Cook Inlet (located north of the Kitchen Lights Unit).

#### **Glacier Oil and Gas**

Glacier Oil and Gas (“Glacier”), formerly named Miller Energy Resources before its bankruptcy and reorganization a year ago, is an oil and natural gas exploration, production and drilling company that conducts its business activities in the Cook Inlet. Glacier is owned by affiliated companies of Highbridge Capital Strategies and Apollo Global Management. The company has branch offices in Houston, Texas, and Anchorage, Alaska.

The company installed the Miller 35 jack-up rig over the Osprey platform south of the Kitchen Lights Unit and performed work on the RU-3 well for gas production in 2012. The company has also operated the West McArthur River Unit, three gas sources with daily production capacity of approx. 1,000 barrels of oil equivalent (“BOED,” gas conversion unit based on the energy value of one barrel of oil) since 2010 (source: DNR Cook Inlet Oil and Gas Activity 2012, Miller Energy website, Alaska Daily News website).

## **Municipal Light & Power**

Municipal Light and Power (“**ML&P**”), is an electric utility owned by the Municipality of Anchorage that owns 56.67% of the Beluga River Gas Field. In 2016 ML&P purchased the majority of ConocoPhillips (Alaska) Inc. Municipal Light & Power provides electric utility service to some of Anchorage’s oldest neighborhoods. Its nearly 20-square-mile service area also includes commercial, university and medical customers in the downtown and midtown business districts as well as industrial loads in the Ship Creek area and the Port of Anchorage. ML&P powers the military facility Joint Base Elmendorf-Richardson and sells electricity to utility companies in the Railbelt region in Alaska (source: ML&P website).

## **ConocoPhillips (Alaska) Inc.**

ConocoPhillips is one of the world’s largest independent exploration and production companies with respect to proven reserves, production of hydrocarbon liquids and natural gas with registered office in Anchorage. It is also Alaska’s largest oil and gas producer with significant working interests in two of North America’s largest oil fields in the Alaska North Slope - Kuparuk and Prudhoe Bay (source: ConocoPhillips website and ConocoPhillips Fact Sheet).

The company also operates the gas liquefaction (LNG) systems based in Kenai, from where LNG was shipped to Asia in 2012, and the Tyonek production platform in the northern Cook Inlet. The North Cook Inlet Field was discovered in 1962 in the northern waters of the Cook Inlet from which gas has been produced via the Tyonek production platform since 1968. Daily net production in 2011 amounted to around 34 million cubic feet of natural gas (source: DNR Cook Inlet Oil and Gas Activity).

ConocoPhillips also operates the Beluga River gas field, which was discovered in 1962. The gas produced there is primarily delivered to large customers in Southcentral Alaska, including local energy suppliers and industrial buyers. Average daily net production in 2011 amounted to 20 million cubic feet of gas. The Beluga River gas field is operated by ConocoPhillips, with co-owners Hilcorp and Municipal Light & Power (source: ConocoPhillips website).

## **Hilcorp Energy Company**

Hilcorp is the third largest privately owned exploration and production company in the United States. Since 2012 Hilcorp has acquired all mineral exploitation rights from Chevron, ConocoPhillips, Marathon and XTO in the Cook Inlet. Hilcorp operates 25 gas fields and gas production, distribution and storage facilities in the Cook Inlet. The company is the largest oil and gas producer in the Cook Inlet (source: Hilcorp, DNR Cook Inlet Oil and Gas Activity 2012).

### **1.7.4. Competitive Strengths**

In the Issuer’s estimation, the DOG Group has a solid starting position to succeed in Alaska’s oil and gas market and to reach its goals. The following factors are key to the Issuer’s estimation:

### **The Size and Distribution of the Potential Reserves**

The Issuer and the DOG Group are of the opinion that the Kitchen Lights Unit (Kitchen Lights Unit), in which they hold the majority of shares, and that they explore, develop and already operate there to produce gas and plan to operate there to produce oil in the future, is presumably one of the largest oil and gas reserves in the Cook Inlet. The Issuer anticipates that the Kitchen Lights Unit has numerous oil and gas fields, permitting profitable and expedient oil and gas production. An official from the DNR has expressed that the Kitchen Lights Unit has some of the most promising offshore reserves in all of the Cook Inlet Basin (source: DNR, Kitchen Lights Unit Default Notice and Cure, 19 July 2010). Due to the size of the Kitchen Lights Unit, according to the Issuer's assessment, the DOG Group will be able to keep the costs for the construction of pipelines connecting the production platforms to the production facilities on land relatively low.

### **Knowledge of Home Markets and Competition**

The key operative and administrative executives of the DOG Group have been active for over 20 years in the oil and gas market and, in the Issuer's opinion, are very familiar with the environmental regulations. The Issuer is of the opinion that this expertise about the market, contractual conditions, reserves, production and production techniques of competitors puts the DOG Group in a strong position for market entry and making it possible to position itself on the market with a long term perspective.

### **Demand for Oil and Natural Gas**

The availability of gas in the Cook Inlet is currently sharply decreasing. It is predicted that production from the currently existing gas and oil sources will no longer be able to service demand in the future (source: PRA Cook Inlet Gas Study). There is therefore need to open up new reserves (source: U.S. Dept. of Energy, South-Central Alaska Natural Gas Study, June 2004; and DOA, 2006 South-Central Energy Forum Summary). If such gap in supply come about and the DOG Group can continue to offer gas and, in the future, oil, it will profit from this gap.

## 1.8. Key Risk Factors

When making a decision to buy shares in the Issuer, the investors should carefully read and consider the following risk factors in conjunction with the other information contained in this Company Description. The occurrence of one or more of these risks could have considerable adverse effects on the Issuer's asset, liquidity and earnings situation. The market price of the Issuer's shares could fall considerably as a result of any one of these risks materializing and investors could lose some or all of their invested capital. The key risks for the company and its sector and the key risks associated with the offered securities to be issued are described below. Additional risks and uncertainties, which are not currently known to the Issuer, could likewise affect the business operations of the Issuer and the DOG Group and have detrimental effects on their asset, liquidity and earnings situation. The order in which the following risks are described has no bearing on the probability of the occurrence and the scale of any possible commercial consequences. Moreover, this selection and description of risk factors is based on assumptions which may subsequently prove to be false.

### 1.8.1. Business-Related Risk Factors

#### **Conflicts of interest, dependency on Mr. Rieck**

As current majority shareholder, Mr. Kay Rieck controls the Issuer and can therefore influence decisions in general Shareholders' Meetings of the Issuer, also in relation to the persons occupying the company organs. He is moreover executive member in key positions within the DOG Group.

Mr. Rieck is subject to potential conflicts of interest. Mr. Rieck is also sole shareholder and manager of Furie Petroleum Company, LLC ("**Furie Petroleum**"). Furie Petroleum is likewise active in the oil and natural gas exploration business. The DOG Group might become active in areas where Furie Petroleum is or will be active. Hence, Furie Petroleum could become a competitor of the DOG Group with respect to mineral exploitation rights, infrastructure equipment, drilling equipment, personnel, etc.

Based on these circumstances, Mr. Rieck might directly or indirectly, actually or legally be exposed to conflicting interests and make decisions at the expense of the Issuer and/or the investors, giving preference to interests different from those of the DOG Group, using his control options. As a result the DOG Group could inter alia suffer financial detriment, because it could be deprived of business opportunities that it would not be deprived of had the aforementioned conflict not existed.

At the same time, the Issuer is dependent on Mr. Rieck not only as shareholder. Mr. Rieck has supported the Issuer decisively with financing in the past, contributed part of his indirectly held shares to the Issuer to enable the Issuer obtaining financing and must be viewed as the driving force in the corporate group. He is a key person with respect to both financing and the business strategy of the DOG Group. He moreover possesses considerable significant expertise and contacts in the industry that are important for the Issuer and the DOG Group. Mr. Rieck could end his activity for the DOG Group at any time. Should Mr. Rieck no longer support the Issuer and its direct and indirect subsidiaries or no longer do so to the current degree, the Issuer might possibly not be able to compensate for this.

Each of the aforementioned circumstances could have a material adverse effect on the assets, financial position and results of operations of the DOG Group and thus of the Issuer.

## **Dependency**

The Issuer is an active holding company. Therefore, the Issuer is dependent on the financial success of its U.S. subsidiaries. Should the U.S. subsidiaries not explore and produce sufficient oil and natural gas as a result of failed measures, insufficient oil or gas reserves or a lack of financial resources, no profits can be distributed to the Issuer nor can ongoing management fees be paid.

Furthermore, the Issuer has obligations to fulfil all current payments and to service financing within the DOG Group. The Issuer therefore relies on the U.S. subsidiaries to continue to provide the Issuer with a sufficient degree of liquidity.

Each of the aforementioned circumstances could have a material adverse effect on the assets, financial position and results of operations of the DOG Group and thus of the Issuer.

## **Capital requirements**

The Issuer and the DOG Group have significant short- and medium-term capital requirements that they might not be able to satisfy, thus possibly leading to the insolvency of the Group companies and thus also of the Issuer.

In general, the capital requirements of the DOG Group arise because the DOG Group had significant expenditures for exploration activity and building up its production facility over a long period of time which it will continue to have in the future. Corresponding revenues only occur, if at all, after those activities are successfully finalized, and therefore pre-financing of significant amounts for several years is part of the DOG Groups past and present business model. Exploration is a risk-oriented business for which it is unclear whether, if at all, and if so when, in what scope and at what conditions revenues and profits can be achieved. The risk of delay is particularly significant for the DOG Group, as experience has shown to date, because work cannot be conducted year-round in Alaska due to the climatic conditions. Work is not possible for half the year, because the geological and climatic circumstances create difficult conditions, e.g. as a result of the consequential weaker infrastructure. All of this as well as the circumstances, such as unanticipated costs, can result in situations where the DOG Group needs more financing or financing longer than anticipated initially. All of the aforementioned circumstances may result in the Issuer's insolvency and, thus, the investor may lose his invested capital in total.

In the second half of November 2015, the DOG Group started with the production of natural gas. Since the end of 2015 the DOG Group is generating revenues from the production of gas. In financial year 2017 the Issuer plans to expend about USD 42 million for the winter storage of the leased drilling platform Randolph Yost in Nikiski, Alaska, including the mobilization and maintenance costs for the platform. In 2017 further investments in the Kitchen Lights Unit #3C well are planned (but have not yet been firmly approved) in order to complete the second natural gas well at Kitchen Lights Unit #3C which had been started in 2016 and to begin production. Moreover, gas and oil exploration drilling is probably to be carried out at Kitchen Lights Unit #4. Further cost of about USD 137 million will probably arise in 2017 for the planned projects mentioned above (which have not yet been firmly approved). In addition, in 2018 and 2019, investments are to be made in other already planned gas and oil exploration wells in the Kitchen Lights Unit, in the construction and mounting of infrastructure for the Kitchen Lights Unit #4 well and in the commencement of production at the Kitchen Lights Unit #4B well. Probably in 2018, further cost totalling around USD 242 million will arise for the aforementioned

measures. However, the actual scope of the measures to be carried out depends upon the financing and might therefore also be much lower. This amount is in part to be provided through new financing, though traditional financing through banks might not be available to the DOG Group. It could prove difficult or impossible to borrow the corresponding funds or the conditions might be financially unattractive. This applies particularly in light of the ever more difficult financing situation of new enterprises and enterprises with loss situations. This applies in particular to the Issuer, as the Issuer is in a phase of activity that is associated with a high degree of risks.

Investments planned by the DOG Group in 2017 and 2018 shall be financed through the net revenue received from the sale of the offered shares as well as through borrowings, e.g. the borrowing of mezzanine capital or the issue of corporate bonds. However, no commitments exist in this regard yet.

Finally, the Issuer might have capital requirements to be able to fulfil its obligations to repay loans due in the future (this includes currently existing obligations related to borrowed capital and a significant degree of other obligations the Issuer plans to take on). This might also be difficult because the Issuer passes on received loans to subsidiaries within the DOG Group as shareholders' equity and/or with later repayment dates and in such cases does not have automatically maturing repayment claims against its subsidiaries. If, however, the Issuer does not have funds available to it as loans internally within the DOG Group (e.g. because liquid assets from the operative business are generated within its subsidiaries), the Issuer will have to obtain the funds from the assets freely available at the time or from available financing or financing still to be borrowed. Whether the Issuer succeeds in doing this is uncertain. Existing financing of the DOG Group might also fall due at short notice and earlier than expected by the Issuer. This applies particularly to liabilities of the DOG Group towards DOG AG, which has granted the DOG Group financing in the form of bearer notes and subordinated registered notes. The agreement to provide capital in return for indemnity between DOG AG and the Issuer, on which this way of financing is based, does not have a fixed term, and therefore may be terminated by each party at any time. Furthermore there is a risk that this financing will fall due immediately, contrary to the Issuer's estimation, due to a violation of § 57 of the German Stock Corporation Act ("*Aktiengesetz*"), if DOG AG was not or is not entitled to a repayment claim of lasting value or if the yield is not sufficient. The legal situation is not clear in this regard.

Moreover, a repayment claim of a mezzanine capital lender might (partly) resurge. The DOG Group raised capital under a mezzanine financing agreement in order to pre-finance tax credits. With regard to the repayment, the parties agreed on the following: The DOG Group sells tax credits to the mezzanine capital lender and the purchase price is offset with the loan repayment claim. However, the mezzanine capital lender's loan repayment claim resurges to the extent to which the Federal State of Alaska does not disburse the tax credits. The mezzanine loan not yet repaid amounts to EUR 79.17 million. To the extent to which the mezzanine capital lender does not receive any tax credit payments, the DOG Group will have to take up new financing in order to repay the mezzanine loan. It is uncertain if the DOG Group will succeed in obtaining such a financing.

Each of the aforementioned circumstances could have a material adverse effect on the assets, financial position and results of operations of the DOG Group and thus of the Issuer.

## **Productivity**

The business activity of the DOG Group depends on oil and natural gas being extractable in the development area for which the Group holds the license to economically attractive conditions and in economically attractive quantities. Should this not be the case, this would lead to significant adverse

economic effects on the Issuer and could completely destroy the basis of its business, leading to insolvency.

Each of the aforementioned circumstances could have a material adverse effect on the assets, financial position and results of operations of the DOG Group and thus of the Issuer.

### **Early development phase**

The DOG Group is currently still in the exploration phase with respect to oil and also natural gas. Since the second half of November 2015 the DOG Group has been producing gas and feeding the gas into the public pipeline system. Despite the start of the production and the fact that gas is available for feeding it into the pipeline and the onshore processing facility and may be injected in the public grid now, technical issues and delay still may occur. Moreover, it cannot be ruled out that a commenced production leads to lower results or fails completely due to geological or other circumstances.

The business success of the DOG Group depends on it being able to produce oil and natural gas profitably and also on finding and developing further economically producible oil and gas reserves in the Kitchen Lights Units development area during its continued drilling at Kitchen Lights Unit #4 and potential new exploration drillings.

Should future explorations be unsuccessful, it is possible that the planned oil and further natural gas production might not come about. The activity in Alaska in general and the expansion of the technical and structural conditions necessary for the production there are subject to significant difficulties as a result of the regional conditions (weather, transport possibilities and means, environmental influences, availability of technical resources, personnel and material) and other circumstances. This can cause investments in such activities to prove worthless and/or to be much more cost-intensive than planned, leading to losses and/or significant delays, as has already happened in the past.

Each of the aforementioned circumstances could have a material adverse effect on the assets, financial position and results of operations of the DOG Group and thus of the Issuer.

### **Oil and gas reserves can be misestimated**

In principle, a degree of uncertainty is associated with any assessment of oil and natural gas reserves. It must be noted that all figures mentioned in this Company Description on the scope and valuation of oil and natural gas reserves, particularly figures and valuations mentioned in the so-called SPRI Report, are based on estimates. Those estimates are effected by numerous factors, including not only the amount of oil and gas available but also other uncertainties like the time actually needed for exploration and production, the resulting costs, whether and in what amount subsidies will actually be granted in the form of tax credits by the State of Alaska and when and in what amount the necessary financing will be obtainable. It should be noted that the most easily accessible oil and gas sources have already been developed. Newly discovered reserves require innovative technologically characterized exploration and production methods based on exploration geophysics. Since the existence of reserves is difficult to comprehend as a result of natural processes that normally occur at great depths and since these cannot be easily predicted by geophysicists, exploration wells frequently prove to be dry holes or yield only insufficient volumes or economically insufficient reserves for other reasons.

Accordingly, the anticipated oil and gas reserve potential which can be extracted at economic costs might be much smaller than expected. Should it be revealed that a potential oil and gas reserve has been wrongly estimated and that the valuation is inaccurate, this can have an adverse effect on the asset, liquidity and earnings situation of the DOG Group.

In the past, the reserves of DOG AG assumed in the SPRI Report already fluctuated significantly. As of 1 January 2014 such report assumed verified reserves of USD 292.6 million. The SPRI Report as of 1 January 2015 assumed verified reserves of USD 185.9 million. This decrease in reserves resulted from a revaluation of seismic data reducing blurriness in the reservoir boundaries, leading to a decrease in the assumed reserves. The SPRI Report as of 31 January 2017 assumed verified reserves of approx. USD 530.5 million. This increase in the verified reserves in the current SPRI Report as of 31 January 2017 is essentially based on the valuation of new 3D seismic data acquired by DOG Group for the planned development areas. By way of the analysis of these new, improved seismic 3D data, the values of the verified reserves were adjusted. Moreover, the production and exploitation of two deep-sea wells made in 2016 provided further information about the development possibilities using new seismic assessments. The initial assumptions regarding the proven reserves already had to be corrected based on new findings. Further fluctuations may occur, also to a significant extent and/or on short-term basis.

Each of the aforementioned circumstances could have a material adverse effect on the assets, financial position and results of operations of the DOG Group and thus of the Issuer.

#### **Regulations based on local, state and federal laws in the United States**

In order to be able to carry out exploration and development activities of potential gas and oil reserves in Alaska, it is necessary to hold the required permits. The DOG Group is currently in possession of corresponding permits for the potential sites. For any extraction of raw materials potentially to take place, several permits are necessary for each of the sites. Partly existing permits must regularly be renewed due to their short terms.

It cannot be ruled out, however, that issued permits will be modified by the competent authorities. A risk exists that these permits will be restricted through the promulgation of new laws or that restrictions in exploration activities might come about due to new permit-relevant information. Further, subsequent changes in administrative practice can occur due to interpretations of laws by the authorities, with the consequence that the existing permits are changed.

A restriction or change in existing permits can have negative consequences for the DOG Group, if the DOG Group has already made investments relying on existing permits that are currently unrestricted. Investments of this type that could subsequently prove to be unprofitable or inexpedient would have a negative impact on asset, liquidity and earnings situation of the DOG Group.

Should the Issuer or the DOG Group not succeed in maintaining the necessary permits or renewing them in time, complying with the conditions of the exploration plan(s) or the requested drilling, further exploration or development activities could be jeopardized. To extend exploration activities, the DOG Group must document the actual start of the exploration activities in these areas. Should the DOG Group not succeed in beginning corresponding exploration activities on time or in furnishing proof of such activities, this could make a renewal of the permits difficult or impossible. This could lead to a loss or revocation of such permits.



Each of the aforementioned circumstances could have a material adverse effect on the assets, financial position and results of operations of the DOG Group and thus of the Issuer.

### **Rights to the exploration area**

The DOG Group has oil and gas exploration, development and production rights to properties in Alaska. The entire operative business activity of the DOG Group, its financial capacity and the value of the shareholdings in the individual companies are dependent on these rights. Therefore, the DOG Group is dependent on the valid existence of these rights and on the rights not being revoked or otherwise lost and on the DOG Group continuing to take all necessary measures in order to preserve these rights. In particular, the DOG Group must regularly make ongoing payments to maintain the rights.

These rights encompass obligations of the DOG Group, including an agreement according to which the DOG Group must carry out now and in the next few years certain (cost-intensive and comprehensive) exploration measures. If the DOG Group does not adhere to these and other obligations resulting from these permits and agreements, the corresponding rights could be revoked. This can destroy the economic basis of DOG Group's business, and thus indirectly for the Issuer, as the DOG Group is dependent on these rights.

In addition, each additional expansion of the exploration plan can be challenged by the affected persons within certain periods. A successful challenge or potential court proceedings could delay the performance of planned exploration and development activities of Furie Operating and Cornucopia. The Cornucopia Group may be forced as a consequence to take further precautions. This can trigger further costs caused by the delay.

Each of the aforementioned circumstances could have a material adverse effect on the assets, financial position and results of operations of the DOG Group and thus of the Issuer.

### **Participation of third parties in the net revenues**

Since the end of 2015, the DOG Group has earned revenues from the production of natural gas. However, the DOG Group is not entitled to all of these revenues. Instead, costs (e.g. production costs) are paid using these gross revenues. Approximately 72% remain after costs as net revenues. The DOG Group has an 80% share in these net revenues, i.e. receives approx. 57.6% of gross revenues.

This could have a negative impact on the asset, liquidity and earnings situation of the DOG Group and thus on the Issuer.

### **Potential health, safety and environmental risks**

The development of oil and natural gas reserves up to the production is associated with substantial risks. The DOG Group is exposed to all the risks common to this industry. These dangers and risks encompass, for example, encountering uncommon or unexpected rock formations, unexpectedly released trapped gas bubbles under high pressure, the occurrence of seismic shifts, uncontrollable oil or gas leakages or the causing of a significant degree of oil pollution, an extreme tidal range, explosions, fire and heavy winds.

The type of activities carried out by the DOG Group signify that exploration and drilling rigs, particularly drilling platforms based on their use from water, are exposed to dangers such as capsizing and sinking. Furthermore, drilling entails specific drilling risks, such as the appearance of high pressure and mechanical problems that can lead to delays and operative difficulties. Particularly in the Cook Inlet, special risks arise because this is an area that not only lies underwater but in which volcanic activity, earthquakes and tsunamis occur. In 2009, for example, Mount Redoubt erupted triggering a mud- and landslide that threatened the Drift River oil terminal. If such an event should occur, this can cause disastrous environmental damage, death and injury of people and lead to the loss of oil and natural gas production. Moreover, such events can cause a delay in the drilling program, the full or partial discontinuation of business activity, significant damage or the complete destruction of equipment. As a consequence, significant claims to damage compensation can be asserted against the DOG Group due to personal injury or property damage. Finally, such events can also impair the mineral exploitation rights necessary for the business activities of the DOG Group and trigger significant liabilities in civil law, punishments and administrative fines and criminal sanctions against the DOG Group and its management. The DOG Group may also be forced to restrict or completely stop certain business activities if such events occur.

Each of the aforementioned circumstances could have a material adverse effect on the assets, financial position and results of operations of the DOG Group and thus of the Issuer.

#### **Production capacity of the gas and oil reserves**

Oil and gas sources lose production capacity over the course of time, above all because the oil and gas reserves are consumed. Over the years, natural gas production in the Cook Inlet has steadily decreased. By default the (potential) reserves the DOG Group can explore will fall to a lower level if and to the extent DOG Group utilized such reserves. Therefore, the DOG Group should ensure a replacement for declining production through expansion measures and the development of new sources. This is particularly challenging because it cannot be predicted with certainty how the production capacity of an oil or gas source will decrease over the course of time. Should the DOG Group not or not fast enough succeed in compensating this loss of production this may result in significant losses. Especially extension measures might be related with significant costs.

Each of the aforementioned circumstances could have a material adverse effect on the assets, financial position and results of operations of the DOG Group and thus of the Issuer.

#### **Environmental regulations**

When exploring and producing oil and natural gas, the DOG Group is subject to numerous local, state and federal environmental protection regulations, which serve to protect the environment, fish, animals, fauna and other natural resources. Based on the aforementioned environmental protection regulations, measures can be adopted to protect the environment that could delay, restrict or – insofar as environmental assets are significantly jeopardized – completely prohibit the business activity of the DOG Group. This applies above all in the case of uncontrolled spills of oil or liquids containing oil into the environment or when hazardous wastes are stored. However, such laws and regulations are already taken into account within the framework of state approved exploration plans. Should these environmental laws or their interpretation or treatment by the authorities become more stringent, however, or should unexpected disturbances occur, such as the uncontrolled leakage of oil

or substances containing oil, this can have a significant adverse impact on the business activity and the asset, liquidity and earnings situation of the DOG Group, because measures to defend against risks or to remedy damage that has occurred or new or different requirements for the business activity can be associated with substantial costs. This can even make the business activity unprofitable and cause it to have to be discontinued in whole or in part. A particular risk is in the fact that exploration takes place underwater where protected fish and wildlife live. The Beluga whales living in the Cook Inlet are protected in accordance with the Marine Mammal Protection Act and are considered as endangered in accordance with the Endangered Species Act. Moreover, other protected animals and plants live in the Cook Inlet near the Kitchen Lights Unit. This circumstance can mean that before the issuance of exploration and production permits tests and studies will be conducted about the effects on the protected animals and plants. As a result, delays can come about in the issuance of permits. Likewise, new animal and plant species can be discovered that are worthy of protection or already known plant and animal species can be classified as being worthy of protection in the future based on new information. This could lead to a situation where the DOG Group would have to temporarily stop its activities or take other precautions due to additional tests or protective measures and/or to discontinue its activities at least temporarily.

Third parties can also take action in the courts against the exploration and production and issued permits in the – even if only alleged – interest of animal and plant protection. These measures can also impair the business activity of the DOG Group temporarily or permanently, should such third parties be successful with their complaints. Moreover, civil or criminal law sanctions can be imposed.

Each of the aforementioned circumstances could have a material adverse effect on the assets, financial position and results of operations of the DOG Group and thus of the Issuer.

### **Quality and availability of services**

The success of the business activity of the DOG Group largely depends on services third parties assigned in the exploration, development and production as service providers and contractors. For exploration of oil and gas fields, the DOG Group uses the services of geologists, geophysicists and oil field engineers. It is not certain that they will render their work and services on time and with the necessary diligence. Moreover, such providers can terminate at a time when a replacement is unavailable or only available at economically unacceptable conditions. This can lead to delays and price increases during the implementation of the DOG Group's investment plan and, depending on the circumstances, foreseen activities could even be discontinued in whole or in part without possibilities for recourse.

Should service providers or contractors involved by the DOG Group cause damages to third parties, the DOG Group could be made liable, without possibilities for recourse, even though it cannot or only restrictedly supervise or control its service providers and contractors.

Each of the aforementioned circumstances could have a material adverse effect on the assets, financial position and results of operations of the DOG Group and thus of the Issuer.

### **Key positions**

The successful implementation of the Issuer's corporate goals and the further development of the business activity are contingent to a large degree on the capacity of the DOG Group to be able to hire

and maintain the necessary numbers of qualified employees. Should it not be possible to hire the planned number of qualified employees, this could have a negative impact on the Issuer's business, asset, liquidity and earnings situation. Moreover, the success of the Issuer depends on a limited number of key persons, including Mr. Kay Rieck (member of the Issuer's Board of Directors and (indirect) majority shareholder of the DOG Group), Mr. Thomas E. Hord (Chief Operating Officer of Furie Operating), Mr. Jerry Cloud (Drilling Manager) and Mr. Bruce Webb (Vice Chairman, Alaska). The withdrawal of any of these persons from the company could have a negative impact on the Issuer's business development.

In 30 June 2017 the board member of the Issuer, Mr. Lars Degenhardt declared to resign from office as a board member of the Issuer as well as from all further offices in the DOG Group after having worked for DOG Group for five years. Mr. Christoph Mahler takes over his position as Chief Financial Officer. Although Mr. Degenhardt is still at the disposal of DOG Group until 31 July 2017 to instruct Mr. Mahler, his withdrawal from DOG Group could have a negative impact on the business development of DOG Group. It is in particular possible that his withdrawal might lead to a loss of important know-how and contacts.

It is possible that no qualified managers can be found within an appropriate period of time in order to continue the business in the current form.

Each of the aforementioned circumstances could have a material adverse effect on the assets, financial position and results of operations of the DOG Group and thus of the Issuer.

### **Risk management system**

The DOG Group is a young production and exploration company. The further expansion of the DOG Group's exploration and production activity as well as the possible future admission of its shares to trading on the regulated market might require (further) development of appropriate internal organizational, risk monitoring and management structures, enabling avoidance as well as early detection of undesirable developments and risks. Currently, only an internal controlling system exists, but not a comprehensive risk management system which ensures that the DOG Group is compliant with all applicable laws and provisions and which can recognize in due time, avoid or minimize legal, economical and actual risks which may occur in the context of its business activity. The DOG Group's controlling systems might not be sufficient generally or in relation to the Issuer's planned short-term growth. It cannot be ruled out that the DOG Group will not succeed in developing sufficient internal risk management structures in time during its planned business expansion. Therefore, the Management of the DOG Group might only become aware of risks late or inaccurately. If and insofar as the DOG Group does not detect, analyse, minimize or avoid existing or future risks for negative developments in due time, this could significantly impair the DOG Group's business activity and its asset, liquidity and earnings situation.

Each of the aforementioned circumstances could have a material adverse effect on the assets, financial position and results of operations of the DOG Group and thus of the Issuer.

### **Insurance**

The DOG Group and its business activity are exposed to increased risks which are typically associated with exploration, development and production activities, especially in the offshore sector. It is

uncertain whether the existing insurance sufficiently covers all potential risks of the DOG Group's activities and all types of possible damages. In particular, uninsured or uninsurable damages could occur. Moreover, the DOG Group is exposed to the risk that insurance coverage could be restricted or higher premiums could be requested.

Each of the aforementioned circumstances could have a material adverse effect on the assets, financial position and results of operations of the DOG Group and thus of the Issuer.

### **Exchange rate risks**

The ordinary business operations of the DOG Group and its consolidated balance sheet are affected by currency risks, because the main field of activity is located in the currency zone of the U.S. dollar and renewable resources are largely traded in U.S. dollars on the respective sales markets. Changes in exchange rates between U.S. dollars and Euro could thus cause losses and/or additional costs for the Issuer in order to hedge against currency risks.

Each of the aforementioned circumstances could have a material adverse effect on the assets, financial position and results of operations of the DOG Group and thus of the Issuer.

### **Increases in operating costs**

If drilling activities in Alaska should generally increase significantly, there could be a shortage of drilling equipment and other installations, facilities and equipment as well as qualified staff necessary for exploration and production. This could lead to drastic increases in costs and restrictions or even the elimination of the exploration and development activities of the DOG Group entirely. Other circumstances, such as general price increases, could also lead to such cost increases and further consequences.

Each of the aforementioned circumstances could have a material adverse effect on the assets, financial position and results of operations of the DOG Group and thus of the Issuer.

### **Tax risks**

The development of the applicable tax law is subject to constant change, also in relation to its administrative application. Future legislative amendments, deviating legislative interpretations by the revenue authorities and courts cannot be ruled out. The Issuer conducts the operative business activity exclusively via direct and indirect subsidiaries in Alaska. Profits possibly earned on-site in the future must flow via the subsidiaries to the Issuer. This can have negative tax effects. Relations between various companies of the DOG Group might not be recognized for tax purposes, e.g. cross-border internal Group cost transfers, because the amounts recognized for tax purposes are not observed, the tax documentation requirements are not met or other tax duties are violated in the opinion of the competent tax authorities.

Alaska oil and gas production tax credits are granted for certain investments in the exploration and development of oil and natural gas reserves. Insofar as the exploration company already earns taxable profits from production sufficient to generate a production tax liability, these tax credits should be applied against the payable taxes. The DOG Group did not earn any production revenues until the end of 2015. It commenced production of natural gas in November 2015 and has earned production

revenues since the end of 2015. Nevertheless, the DOG Group applied for and received a significant amount of production tax credits for eligible expenditures even before the start of production. The tax credit program provides for exploration companies that have not yet paid taxes to have themselves issued tax credits certificates that are redeemed by the State of Alaska through payments. The DOG Group has received a significant degree of such payments. From the start of 2012 until the end of September 2016, the DOG Group received a total of around USD 316 million in payments for tax credit certificates. The DOG Group moreover anticipates additional payments from tax credits received or applied for in the amount of USD 165.6 million. There is a risk that these anticipated payments might not be made or will be delayed and/or that payments or tax credits already rendered in the past will be requested back in whole or in part, e.g. because the competent authorities are of the opinion that the DOG Group has not or does not meet the requirements or because the funds provided in the tax credit fund for oil and gas are reduced, which has happened in the past (for financial year 2015). Funds for purchase of the certificates are subject to legislative appropriation and are therefore dependent on the budget situation of the State of Alaska. Insufficient funds in the tax credit fund for oil and gas could lead to a reduction in the funds available to the DOG Group. As of 1 January 2017 a limit of USD 70 million per year and per company is also applicable for tax credit certificate purchases. The first half of this limit (USD 35 million) will be repurchased at 100% of the value of the tax credits and the remaining portion of the limit will initially be repurchased at only 75% of the value of the tax credits in the relevant year. The amount exceeding this limit is lost without indemnity. The tax credit program of the State of Alaska, namely the three tax credits available for expenditures for exploration, development and production operations in the Cook Inlet, will be cut to approximately 50% as of 1 January 2017 and discontinued entirely as of 2018. Overall, a significant degree of legal uncertainty exists with respect to these tax credits and production taxes in Alaska.

Each of the aforementioned circumstances could have a material adverse effect on the assets, financial position and results of operations of the DOG Group and thus of the Issuer.

#### **Payment risks based on litigation**

The U.S. Customs and Border Protection imposed a fine in the amount of USD 15 million on Furie Operating for violation of shipping law. Furie Operating filed a claim against this imposition. Transportation from one port in the USA to another port in the USA shall only be carried out by a vessel under U.S.-flag. Under certain preconditions, the U.S. Customs and Border Protection may grant an exemption allowing the transport within the USA with a foreign-flagged vessel. Furie Operating successfully applied for such an exemption in the year 2006. However, the transport delayed until 2011. At that time, the exemption was not valid anymore and a new exemption was not granted. A reserve of approx. USD 15.2 million was established for this purpose.

A lawsuit conducted by a German investor concerns the assurance of claims of the investor to payment of interest of approx. EUR 1.76 million per year. Currently, approx. EUR 7.0 million have been incurred. Furie Operation and Cornucopia are affected by this lawsuit in that it is to be determined whether the plaintiff is entitled to a claim in the amount of its alleged interest claims to revenues from the gas production of the DOG Group, a corresponding interest in the licenses of the DOG Group to the Kitchen Lights Unit or to a 15% shareholding in Cornucopia. This is based on a claim to repayment of contributions in the amount of approx. EUR 18 million asserted against Mr. Rieck and a company owned by Mr. Rieck outside the DOG Group.

A lawsuit is currently being conducted before the District Court of Harris County, Texas inter alia against Cornucopia and Furie Operating and Mr. Kay Rieck, Mr. Lars Degenhardt and Mr. Tom Hord (in their capacity as employees of Furie Operating) due to (grossly negligent) breaches of their duty to exercise diligence and management and accounting in breach of duty in relation to the business activity of Cornucopia and Furie Operating. In this suit, damage compensation claims are being asserted in a still unspecified amount. It is presently not possible to assess the prospects of this suit.

A further lawsuit filed by Cornucopia against several defendants due to a loan claim, in which the defendants filed a counterclaim against Cornucopia for payment of USD 4,474,000.00 due to alleged brokerage fee claims, was ended in June 2016 through a settlement, according to which Cornucopia paid a total of USD 2.0 million to the defendants.

Each of the aforementioned circumstances could have a material adverse effect on the assets, financial position and results of operations of the DOG Group and thus of the Issuer.

### **Negative reports about the DOG Group and the majority shareholder can impact the business activity and financing possibilities**

In the past, negative reports have been made in the media about the DOG Group and the indirect majority shareholder and the chairman of the Issuer's Board of Directors, Mr. Rieck, on whom the Issuer is dependent. These negative reports were made in connection with the amortization of liabilities of the DOG Group through the transfer of shares of the Issuer in lieu of performance to an external financing vehicle and transfer of these shares through the financing vehicle to limited partners and creditors based on corresponding resolutions adopted by the limited partners and creditors. The business model, the prospects of success and the capital requirements of the DOG Group have also been the subject of negative reporting. It cannot be ruled out that further negative press reports will be made. Current and future negative reports could have a negative impact on the business activity and reputation of the Issuer and the DOG Group and could make financing difficult.

Each of the aforementioned circumstances could have a material adverse effect on the assets, financial position and results of operations of the DOG Group and thus of the Issuer.

### **Risk that the Issuer can be dissolved and liquidated due to non-compliance with provisions of the Luxembourg commercial law concerning the adoption and publication of annual financial statements**

The Issuer's business activity is subject to numerous provisions of commercial law, such as Article 70 of the Luxembourg Act of 10 August 1915 on trading companies (*Loi du 10 août 1915 concernant les sociétés commerciales*) and Article 75 of the Luxembourg Act of 19 December 2002 on the Commercial and Companies Register and the accounting and annual financial statements of companies (*Loi concernant le registre de commerce et des sociétés ainsi que la comptabilité et les comptes annuels des entreprises*). According to these provisions, the Issuer is obliged to adopt the annual financial statements by the shareholders' general meeting within 6 months after the close of the financial year and to publish them in the commercial register within one month after such adoption, though at the latest 7 months after the closing date. If these provisions are severely violated, the dissolution and liquidation of the Issuer can be ordered in accordance with Luxembourg law. In the past, the Issuer significantly exceeded these deadlines several times (e.g. for the 2015 annual financial statements). The annual financial statements for 2016 were adopted and published in accordance with

requirements of the law. Although, such orders have only been issued in practice sporadically in extreme cases, a certain risk exists that an order will be issued to dissolve and liquidate the Issuer.

Each of the aforementioned circumstances could have a material adverse effect on the assets, financial position and results of operations of the DOG Group and thus of the Issuer.

**The Issuer indirectly holds 99 % of claims arising from so called Preferred Equity Interest I – III against Cornucopia via intermediate structures. The corresponding direct claims of the Issuer against external special purpose vehicles might not be enforceable or have no value.**

Cornucopia financed its business activities inter alia via so called Preferred Equity Interests I – III. These were financed by investors, who invested in fund companies and profit participation, via intermediate structures. The Preferred Equity Interests I – III include profit entitlements as well as loss participation and are balance sheet equity of Cornucopia. In the meantime, these fund and profit participations were contributed into the Issuer. As a consequence, the Issuer indirectly holds 99 % of the so called Preferred Equity Interest I – III issued by Cornucopia via intermediate structures.

These claims based on Preferred Equity Interest I – III might have no value, e.g. in case of an insolvency of one of the intermediate companies, claims against the respective next company could be utilized and, thus, the Issuer will receive less payments than expected with regard to its claims or will suffer a complete loss of these claims. Likewise, incidents with respect to the intermediate companies and entitled parties may occur, including costs, liabilities or other losses so that the entitlements to profit participation are lower than expected.

Moreover, there is the risk that corresponding profit claims will not arise in the amount expected and balanced by the Issuer.

Each of the aforementioned circumstances could have a material adverse effect on the assets, financial position and results of operations of the DOG Group and thus of the Issuer.

## 1.8.2. Market-Related Risk Factors

### **Development of oil and gas prices**

The business activity and the asset, liquidity and earnings situation of the DOG Group are materially dependent on the development of market prices for natural gas (“gas”) and oil. The DOG Group is currently still in an exploration phase and has therefore not extracted any oil to date and only began gas production in the second half of 2015. Should the DOG Group successfully extract oil and gas in the future, its economic and financial development and its business results will largely depend on the global market prices for oil and natural gas and particularly on the development of the oil and gas price in Alaska.

In the past, oil and gas prices developed in a highly volatile fashion based on a large number of factors, such as global economic development, including the demand for oil products, OPEC measures, political instability in the Middle East and other large oil- and gas-exporting regions, state regulations in Alaska and the United States and other countries, the development of tax policy in Alaska, the United States and other countries, the pace at which governments make progress in exploration, development and production of their natural reserves, the price development for imports of oil and natural gas from



abroad, the costs of exploration, production and provision of oil and natural gas, the discovery of new oil and natural gas reserves, declining productivity of oil and gas sources as a result of exploitation or other reasons, the availability of pipelines and other oil and gas transport capacities, the capacity of oil and gas enterprises to procure capital, the overall supply and demand situation for oil and gas and the availability of alternative energy sources.

The conditions in the development area of the DOG Group, the Cook Inlet, are also of special importance. Certain local factors, such as weather conditions, demand from the Cook Inlet for fuel gas to generate power and heat, demand from industrial users to produce fertilizers from gas, and the development of exports of LNG, have a major impact on gas prices.

The production of shale gas (natural gas trapped in shale stone) in recent years has increased rapidly, negatively impacting the development of gas prices. Shale gas extraction in the United States has increased 12-times since 2000 (source: The Economist) to 4.9 billion cubic feet, constituting one-fourth of total gas production in the U.S. It must also be observed that in accordance with the most recent forecasts of the International Energy Agency, the United States will rise to one of the largest oil producers in 2020, potentially even exceeding Saudi Arabia and Russia. The production of shale gas can lead to a significant and sustained decrease in the market price for natural gas. Price changes directly influence the revenues from oil and natural gas production and can have an indirect effect on production, because sufficient funds for exploration activities might not be available as a result of the loss in revenue.

Since mid-2014 prices for the two most important grades of crude oil, West Texas Intermediate (WTI) and Brent (named after the oil field of the same name in the North Sea), have been on a nearly uninterrupted downward spiral. While a 159-liter barrel of Brent crude still cost USD 112 at the end of June 2014, the price was only USD 63 at the end of July 2015. In January 2016, the price ultimately went under the USD 30 per barrel mark. The EIA forecasts an average oil price of USD 38 per barrel in 2016 and USD 50 per barrel in 2017. The price forecasts for both years apply uniformly to WTI and Brent. The EIA emphasizes that the forecasts are encumbered a high degree of uncertainty (source: EIA Short-Term Energy Outlook February 2016). The DOG Group, whose credit rating is critical for the Issuer, is active in natural gas production. The falling oil price can have a negative impact on natural gas prices.

As a whole, oil and gas prices that have already fallen recently and could accordingly fall in the future can have an adverse effect on the profitability of the DOG Group's explorations, even leading to the discontinuation of such exploration and production activity, should the earned revenues no longer cover costs.

Each of the aforementioned circumstances could have a material adverse effect on the assets, financial position and results of operations of the DOG Group and thus of the Issuer.

### **Gas market in Southcentral Alaska**

The DOG Group's business activity is focused on the exploration of oil and natural gas in the State of Alaska. Since the second half of November 2015, the DOG Group has fed extracted gas into the public pipeline network. Nevertheless, after the start of gas production the DOG Group could experience difficulties accessing Alaska's southcentral gas market. Existing public utility companies have already concluded medium- to long-term supply agreements with gas producers in the region. The DOG Group therefore has to find buyers for its gas. The DOG Group has already concluded four long-term natural

gas purchase agreements. However, it cannot be ruled out that the DOG Group might not succeed in concluding further long-term natural gas purchase agreements or, after the start of oil production, long-term oil purchase agreements. Moreover, the market for the delivery of gas to energy providers in Southcentral Alaska is regulated. It cannot be ruled out that the DOG Group will fail to purchase sufficient gas volumes in this market in order to earn sufficient revenues to cover its expenses. Yet it should be noted that gas prices make up a significant share of energy costs. Consumers in Southcentral Alaska have to pay the energy prices to state regulated energy providers determined in the Cook Inlet by the Regulatory Commission of Alaska for gas supply agreements with energy suppliers. Depending on the price policy pursued by the authorities, the DOG Group might not be able to sell the produced gas at prices that cover costs, particularly in an excess supply situation.

Each of the aforementioned circumstances could have a material adverse effect on the assets, financial position and results of operations of the DOG Group and thus of the Issuer.

### **Competition**

The Issuer is exposed to risks from competition with other enterprises, as the oil and gas industry is characterized by very intense competition. The market for oil and natural gas is a high-growth market with many enterprises, including large companies and state subsidized undertakings.

Some of these competing companies have greater financial resources, greater technical know-how potential and equipment and have already been active in oil and natural gas production for a long time. They can secure or even expand a competitive edge as a result. Some of these competitors have already begun exploration activity and to actually extract raw materials after concluding their testing. Based on the long-term production period, competitors might have possibly already obtained mineral exploitation rights and established themselves on the market, procuring a competitive edge. Some competitors also receive direct or indirect political or other support from the state, because they are state-owned or because the state can take protectionist measures.

Competition also exists, however, with enterprises from other energy segments that supply consumers with energy, fuel, etc., particularly renewable energies which are promoted by the state in various countries and, thus, receiving a competitive edge.

Each of the aforementioned circumstances could have a material adverse effect on the assets, financial position and results of operations of the DOG Group and thus of the Issuer.

## 1.9. Reasons For the Decision to Apply for Admission to Trading

The Issuer publicly offered 19,918,800 class B shares (plus class B shares for free and, further, class B shares for a preferential price) on 27 November 2014 and the offer has been approved by the Commission de Surveillance du Secteur Financier in Luxembourg. According to this Company Description, the former shareholder of the Issuer, DOG KG offered in the subscription agreement a put option to be exercised in August 2018. The put option was mainly granted under the condition that a listing would not occur. According to this put option, in total 44,062,800 class B shares can be offered to DOG KG. However, DOG KG was sold and, therefore, since 2015 was no longer the shareholder of the Issuer. The new shareholder became Alecto, which was formerly the only shareholder of DOG KG. Therefore, neither the Issuer nor Alecto are directly affected by the put option. However, for the reputational reasons, the Issuer is interested to fulfil the expectation of the class B shareholders with respect to the listing.

Besides that, the reasons for the decision to apply for admission to trading at First North are as follows:

- Promotion of transparency and reliability: The responsibility towards investors promotes that a corporate governance at the company is at the highest level. The status of a listed company is a mark of quality, which facilitates doing business both locally and internationally, as well as helps to attract qualified and professional staff.
- Publicity: Listing on a public market means that the business and its activities will attract more interest, thus broadening awareness of the company. Daily market quotations and disclosure requirements mean that the public gains insight into the company. This helps build and sustain interest in the company. The media constantly follows the developments of listed companies. Daily price information in printed media serves as a constant reminder of developments among listed companies.
- All of the above would inevitably have a positive impact on the liquidity of the Issuer's shares and on the financial situation of the company.

It should be noted, that, considering the planned development of the company, and if all market conditions fit and requirements are fulfilled, the Issuer may decide to do an initial public offering (IPO) in 2018. In any case, the Issuer has already started to work on its reporting system and to prepare for a possible IPO in 2018.

## 2. Certified Adviser

The certified adviser of the Issuer is SIA Law Office Spridzāns. The main fields of activity of the certified adviser are provision of the legal services.

The representatives of the certified advisor who will provide advisory services to the Issuer are Ansis Spridzans and Svetlana Hramcenko.

The agreement concluded between the Issuer and the certified advisor is an open-ended contract.

### **Contact information of the certified advisor**

SIA Law Office Spridzāns, registration number: 40103454414

Name of representative: Ansis Spridzans

Position: Chairman of the Board

E-mail: [ansis.spridzans@spridzans.lv](mailto:ansis.spridzans@spridzans.lv)

Telephone: +371 29274672

Name of representative: Svetlana Hramcenko

Position: Senior Associate

E-mail: [svetlana.hramcenko@spridzans.lv](mailto:svetlana.hramcenko@spridzans.lv)

### 3. Financial Instruments Admitted to Trading on First North

#### 3.1. Shares Admitted to Trading

Total shares admitted to trading	219,564,308
Type, form, transferability	Ordinary shares with voting rights. Shares are dematerialized and freely transferrable.
Share class	B
Nominal value	No par value. Representing EUR 1.00 per share.
International Securities Identification Number (ISIN)	LU1083294915
German Securities Identification Number	DGAS03
Depository:	Clearstream Banking AG Mergenthalerallee 61 65760 Eschborn Germany
Paying Agent:	KAS Bank N.V. – German Branch Mainzer Ladstraße 51 60329, Frankfurt am Main Germany

Paying Agent is responsible of distribution of dividends or any other cash disbursements by the Issuer.

## 3.2. Key Risk Factors

### **An insolvency of the Issuer may lead to a total loss of the invested capital.**

An investment in shares bears the equity capital risk. In case of an insolvency of the target company, the shareholder loses the entirety of the invested capital. In the case of an insolvency, the claims of debt capital creditors including holders of profit sharing rights are settled primarily, and claims of equity capital creditors will be paid only after a full settlement.

The DOG Group has provided a large extent of collateral for other liabilities to third parties and could provide further collateral in the future. The claims of such secured lenders would be satisfied with priority in the event of insolvency.

### **The majority shareholder can control shareholder decisions.**

Via his share in the Issuer's majority shareholder Alecto, Mr. K. Rieck can control decisions of the Issuer's shareholders alone by means of its majority. He could have different interests than those of the minority shareholders.

### **The sale of a large number of shares could cause selling pressure and have a significant adverse effect on the value of the Issuer's shares or on the exchange price after a possible listing in the future.**

The shares of the Issuer, which currently are not listed but may be listed in future, are subject to further risks. Should a significant number of the Issuer's shares be sold or should market participants become convinced that such sales could occur, this could lead to significant adverse effects on the value of the shares. Investors might consequently not be able to resell the shares at the original subscription price or at acquisition costs, at a higher price or at all and, in the worst case, could suffer a total loss.

### **Future capital increases or other financing measures via the capital market, such as the issue of convertible bonds, might prove difficult based on an unfavourable market environment or due to the reduced attractiveness of the company as issuer of the shares.**

In recent years, the Issuer has issued inter alia a significant degree of notes and undertaken capital increases in order to finance its business operations. In future, the Issuer will possibly again require access to the capital market in order to refinance existing liabilities or to further finance its business operations. However, future transactions could prove difficult or even impossible as a result of an unfavourable capital market environment or limited attractiveness of the Issuer's shares. This might be the case in particular since the price or the value of the Issuer's shares is subject to fluctuations. Such fluctuations can be attributed in part to the heavy volatility of equities in general but also to the concrete development of the Issuer and other events. Besides other factors, in particular the following factors can affect the price or value of the shares: profit forecasts, market expectations for the valuation, performance and appropriate capitalization; the credit rating of the Issuer, etc. Moreover, altered business results either of the Issuer or peer companies and changes in the general situation on the oil and gas market or the economic environment in general and on the financial markets can cause substantial fluctuations in the shares. Capital markets have been exposed to significant general volatility in prices and trading volumes in the past. Irrespective of the course of business and the liquidity and earnings situation of the Issuer, such volatility possibly has material adverse effects on the value of the shares. A reduced attractiveness of the Issuer's shares would also limit its capacity to

issue stocks, notes, convertible bonds and other financial instruments to finance its business operations and might not only restrict the capacity of the Issuer to use the capital market as a source for its future financing requirements but could even block the Issuer's access to the capital market completely.

**Future capital measures of the Issuer could lead under some circumstances to a significant dilution of the shareholding, i.e. to a reduction in the value of the shares and voting rights of the Issuer's shareholders.**

The company might possibly require further capital in the future to finance its business activity and growth or to reduce liabilities. Both the procurement of further equity and borrowings through the issue of new shares and the possible exercise of conversion rights and options by the holders of convertible notes issued by the Issuer could lead to a dilution of the interests of the shareholders. Moreover, possible acquisitions in return for the issue of new shares of the Issuer could cause such a dilution of the interests of shareholders.

**The price or value of the shares might be volatile in the future.**

The price or value of the shares can be volatile in the future and characterized by fluctuating trading volumes. Capital markets have been subject to significant volatility in the past. The price or value of the Issuer's shares can also be subject to heavy volatility in the future. Significant price drops or losses in value can occur, despite positive business development. The price or value of the shares may in particular be subject to significant volatility as a result of fluctuations in the actual or forecast earnings of the DOG Group or its competitors, changes in profit forecasts or the non-fulfilment of the profit expectations of investors and securities analysts, estimations by investors regarding acquisitions of the Issuer and the assessment of the related risks, the exercise of conversion rights or options by holders of convertible bonds or bonds with warrants issued by the Issuer in the past or future, changes in general economic conditions, changes in the composition of shareholders and as a result of further factors. General fluctuations in prices, particularly of shares of enterprises from the same industry, could lead to price pressure on the Issuer's shares that may not be directly related to the Issuer's business or earnings prospects.

## 4. Issuer's Capital

### Share Capital and Shares

The Issuer's shares were issued in accordance with the provisions of Luxembourg law. The Issuer's share capital currently amounts to EUR 500,000,000.00, divided into 121,435,692 Class A shares, 219,564,308 Class B shares, 10,000,000 Class C shares, 125,000,000 Class D shares and 24,000,000 Class E shares with a EUR 1.00 proportion of the share capital per share. All shares are registered shares and have been fully paid in. Each share grants the holder one vote in the shareholders' meeting. The Issuer does not have differing voting rights for individual shares. The shares carry full dividend rights as of the acquisition date.

### Development of the Share Capital from 29 July 2013 until Today

The Issuer was founded on 29 July 2013 with a subscribed capital of EUR 31,000.00.

By resolution of the Shareholders' Meeting on 6 June 2014, two share classes were formed (Class A shares and Class B shares) and the 31,000 shares existing since the Issuer's foundation were converted to Class A shares. Then the Issuer's share capital was increased by EUR 4,969,000.00 to EUR 5,000,000.00 by way of contribution in kind of 5,000,000 shares in DOG AG, in return for 4,769,000 Class A shares and 200,000 Class B shares in the company. The capital increase was registered in the Luxembourg Commercial and Companies Register (*Registre de Commerce et des Sociétés de Luxembourg*). It was published in the Luxembourg official gazette (*Mémorial*) on 26 August 2014. The capital increase has been in effect since 6 June 2014.

By resolution of the Issuer's Board of Directors on 25 November 2014, the share capital of the Issuer was increased by EUR 1,200.00 to EUR 5,001,200.00. By further resolution of the company's Board of Directors on 26 November 2014, the company's share capital was increased by EUR 475,080,000.00 to EUR 480,081,200.00 by means of contribution. The new 475,080,000 shares consisted of 49,444,308 Class B shares and 425,635,692 Class A shares in the company. DOG KG subscribed for these 475,081,200 new shares against contribution in kind of 500,000 shares in DOG AG.

Before, the share capital of the DOG AG had been increased by EUR 4,500,000.00 to EUR 5,000,000.00 which was decided by the shareholders' meeting on 14 November 2013.

On 24 September 2015, the Board of Directors of the Issuer passed a resolution, which was notarial certified on 25 September 2015, to increase the Issuer's share capital by up to EUR 19,918,800.00 against a mixed contribution in kind and in cash. For this purpose, 19,918,800 new registered, no-par-value, certificated common Class B shares were issued with a calculated EUR 1.00 proportion of the share capital per share. Moreover, by notarial certification of 25 September 2015, 9,850,000 Class A shares were converted into Class C shares and further 150,000,000 Class A shares were converted into Class B shares.

Furthermore, by resolution of the Shareholders' Meeting on 7 October 2015, a new share Class D was created and 125,000,000 Class A shares were converted into Class D shares.

By resolution of the Shareholders' Meeting on 18 November 2016, a new share Class E was created and 24.0 million Class A shares owned by Alecto were converted into Class E shares. Thereof, 5,040,300 shares can publicly offered within the Offer which is subject of this Company Description.



However, the Issuer did not yet take the decision to publicly offer the Class E shares and to do the placement of these shares. The Class E shares have the same rights as the Class A shares, except that they can only be sold by the holders with the approval of the Issuer's Board of Directors until (i) the start of the oil production of the DOG Group, the exact date of which must be formally determined for this purpose by the Board of Directors, and (ii) 31 December 2019 at the latest.

### **Authorized Capital**

The authorized capital of the company is limited to the maximum of EUR 5,000,000,000 (five billion Euros). For a period of five (5) years ending as of 29 June 2022 the Board of Directors is entitled to issue additional shares, share classes and any other financial instruments, amongst others, but not limited to, in exchange for a contribution in cash or in kind including, but not limited to, capitalization of results or receivables, to convert shares of a certain class into shares of another class, to redeem and/or cancel shares, share classes and any other financial instruments, in one or several times, pursuant to the terms and conditions that it determines in its sole discretion and, in particular, without the requirement to reserve a preferential right of subscription to existing shareholders in respect of such new shares or financial instruments, whereby the board of directors has to observe at all times the maximum amount of the authorized capital.

As far as the Board of Directors, pursuant to the foregoing authorization, carries out such issues without reserving preferential subscription rights to the existing shareholders, it shall draw up a special report to the Shareholders' Meeting, in accordance with article 32-3 (5) of the Act of 1915.

The Board of Directors may delegate to any duly-authorized director or any other person duly authorized to carry out and process the issuance of new shares or other financial instruments on the company's behalf, to receive payments in cash or in kind in respect of the capital increases or other financial instruments, carry out and process the conversion of shares of a certain class into shares of another class, to carry out and process the redemption and/or cancellation of shares or other financial instruments, to record capital increases, decreases and the issuance and redemption and/or cancellation of financial instruments by way of notarial deed and to update the share register accordingly. The Board of Directors shall inform the ordinary annual Shareholders' Meeting each year of the transactions carried out in that respect in the relevant year.

### **General Provisions on the Increase of Share Capital**

In accordance with the Luxembourg law, the share capital of a stock company (*société anonyme*) may be increased by resolution of the Shareholders' Meeting, which is to be passed by a majority of at least two-thirds of the valid votes cast, whereby at least half of the share capital must be represented. The Articles of Association of the stock company can determine different majority requirements. Moreover, the Shareholders' Meeting may create an authorized capital. The creation of an authorized capital requires a resolution passed by two-thirds majority of the votes cast during the voting, whereby at least half of the share capital must be represented, such resolution authorizing the Board of Directors to issue within a period of no more than five years shares up to a specific amount and modifying the company's Articles of Association accordingly.

## General Provisions on Subscription Rights

In accordance with the Luxembourg law, in case of a capital increase against contribution in cash subscription rights are in principle available to any shareholder in proportion to his shareholding. The Board of Directors determines the period in which the subscription right can be exercised, whereby this period may not be less than 30 days from the opening date of the exercise period. The opening date of the exercise period must be published in the Luxembourg official gazette (*Mémorial*) and in two Luxembourg newspapers.

Subscription rights are generally tradable over the entire exercise period. The company is not obliged to organize such trading and does not guarantee that any such trading will take place.

The subscription right may not be restricted by the articles of association. However, the shareholders' meeting, by resolution requiring presence of at least half of the share capital and simultaneously a majority of at least two-thirds of the valid votes cast during the vote, may restrict or exclude the statutory subscription right of the shareholders or authorize the Board of Directors to do so within the framework of the authorized capital. Such a proposal must expressly be mentioned in the invitation to the Shareholders' Meeting. To exclude the subscription right, a report from the Board of Directors is necessary providing detailed justification.

The subscription right serves to enable the shareholder to maintain its previous percentage share in the share capital and its voting power (protection against dilution).

## Treasury Shares

Currently, the Issuer directly holds 48,390,420 own Class B shares, but no own shares of Classes A, C, D and E. Moreover, the Issuer indirectly holds 223,346 Class A treasury shares via its subsidiary, Deutsche Oel & Gas I S.A., but does currently not hold any treasury shares of Classes B, C, D and E. Thus, the Issuer holds (directly and indirectly) a total of 48,613,766 treasury shares. Moreover, it may repurchase treasury shares under the conditions provided by law.

## Shareholding Duties

As an unlisted company, the company is not subject to any requirements to protect minority shareholders in accordance with the Luxembourg law.

Where the company is listed on a regulated market stock exchange, the Luxembourg Act of 24 May 2011 on the exercise of certain rights of the shareholders at general meetings of listed companies (*Loi du 24 mai 2011 concernant l'exercice de certains droits des actionnaires aux assemblées générales de sociétés cotées*, hereinafter, the "**Act of 2011**") as amended, provides that the convening notice period is of at least 30 days (instead of 15 days), and the announcement must in addition be published in such media as may reasonably be relied upon for the effective dissemination of information to the public throughout the European economic area and that is rapidly accessible and in a non-discriminatory manner.

Registered shareholders, and where the company is listed on a regulated market, members of the Board of Directors and the independent auditor (*réviseur d'entreprises*), are to be invited at least 30 days before the meeting date by regular mail or any other means of communication, provided the addressees have individually accepted such means. Pursuant to Article 70 (6) of the Act of 1915, and

Article 3(2) of the Act of 2011 where applicable, the company shall not be required to evidence the fulfilment of the formal requirement for the dispatch.

If all shareholders are registered shareholders and where the company is listed on a regulated market, the registered shareholders may be invited to all Shareholders' Meetings by registered letter or by any other means of communication guaranteeing the transmission of the information (provided the addressees have individually accepted such means) at least 30 days before the Shareholders' Meeting is held. In such event, the rules established by law concerning the announcement in the electronic Luxembourg official gazette (*Recueil électronique des sociétés et associations*) and in a Luxembourg newspaper and in such media are not applicable.

In case of a listing on a regulated market stock exchange, shareholders registered with the register of shareholders of the company are admitted to such Shareholders' Meeting based on the number of shares they hold on the fourteenth day preceding the date of such Shareholders' Meeting.

The entitlement of the shareholders must be documented. If physical share certificates have been issued, a proof must be furnished by presenting the share certificate(s). In all other cases, a confirmation of the shareholding from the bank managing the securities deposit drafted in German or English in text form is required as a proof. The documentation must relate to the 14 days prior to the Shareholders' Meeting. The company is entitled to request further suitable documentation in the case of doubts about the accuracy or authenticity of the proof. If no proof is furnished or if a proof is not furnished in the proper form, the company may reject the shareholder from attending the Shareholders' Meeting.

## 5. Legal Proceedings

The DOG Group is occasionally affected by claims and litigations arising in connection with its ordinary business activities. Except for the legal disputes described below, we have no knowledge of any further litigations.

### U.S. LITIGATIONS

#### Jones Act Fine

On 13 October 2011 the U.S. Customs and Border Protection levied a fine of USD 15,000,000.00 on Furie Operating for an alleged violation of the United States Jones Act (46 United States Code Section 55102), because the Cornucopia Group transported a jack-up drilling rig from Texas to Alaska in 2011 with a foreign-flagged vessel. The Jones Act requires that the transport of merchandise from a port located in the U.S. to another port located in the U.S. to be carried aboard American-flagged and owned vessels. The Secretary of the Department of Homeland Security may issue a waiver that allows a foreign-flagged vessel to transport merchandise between two U.S. ports. Furie Operating filed an application for such waiver, which it also received in 2006. However, the transport was delayed until 2011 which is why the waiver was no longer valid and the reissuance was denied. DOG Group filed a claim in the United States District Court for the District of Alaska (Case No 3:12-cv-00158-JWS). Following a mediation session and respective negotiations, on 24 March 2017, Furie Operating signed a settlement agreement and the court dismissed the case with prejudice. The settlement agreement requires Furie Operating to pay the U.S. Government a fine of USD 10 million payable over 9 years in installments on each 31 March in the amount of (i) USD 1.0 million p.a. until 2020, (ii) USD 1.25 million p.a. as of 2021 until 2024, plus interest of 0.56 % and (iii) USD 1.0 million in 2025 plus interest of 0.56 %. As a precaution, the DOG Group set up a reserve of around USD 15.2 million for the payment of the assessed fine that will be dissolved in accordance with the settlement agreement.

#### Lawsuit with a German Investor

On 30 August 2012 Mr. Kay Rieck and Furie Petroleum Company, LLC, which was owned by him, concluded a Termination and Settlement Agreement with a German investor. The trigger for the dispute underlying this settlement was a cooperation agreement aimed at joint exploration of oil and natural gas in Texas. No companies of the DOG Group are party to the settlement.

To secure the interest claims alleged by him currently of around EUR 7.0 million based on the settlement, the German investor is requesting by way of an action for declaratory judgment filed in Alaska against various defendants, including Furie Operating and Cornucopia, that the court declares that the investor (i) is entitled to receive revenues from the gas production from the Kitchen Light Unit, (ii) is a holder of an appropriate mortgage to the Alaska lease rights and (iii) is entitled to an interest in the lease rights in the amount to which he would be entitled, in his opinion, based on the settlement or that he should alternatively receive as security for these claims 15% of the shareholder rights in Cornucopia and that (iv) Cornucopia, Furie Operating and Kay Rieck be prohibited from disposing over the interests in the lease rights.

On 11 August 2015 Cornucopia requested a suspension of proceedings until the legal situation in relation to the case pending against Mr. Rieck and Furie Petroleum in Germany was clarified. On 19 November 2015, the trial court suspended the proceedings in Alaska.

Parallel to this, due to the imminent natural gas production, the investor on 17 September 2015 filed a petition for the issuance of a temporary injunction to secure 15% of the revenues from the imminent natural gas production in order to fulfil the interest payments from the settlement. The petition was dismissed in the spring of 2016. The appeal filed against this decision was dismissed by the Supreme Court of Alaska on 2 March 2016.

Because neither Cornucopia nor Furie Operating have signed the settlement, it is more than likely that the proceedings will end in their favour. Should the case not be decided in their favour, a payment risk exists based on the interest of currently around EUR 7 million, which increases by around EUR 1.76 million each year. In addition, it is also conceivable that the investor will assert the underlying claim against the DOG Group of approx. EUR 18 million based on the settlement.

#### **Lawsuit of the Allen Lawrence Berry 2007 Trust**

On 1 August 2016 Allen Lawrence Berry, as trustee of the Allen Lawrence Berry 2007 Trust, filed a lawsuit in the District Court of Harris County, Texas inter alia against Cornucopia and Furie Operating and Mr. Kay Rieck, Mr. Lars Degenhardt and Mr. Tom Hord (in their capacity as employees of Furie Operating) for negligence, gross negligence, and improper administration and accounting in connection with the defendants' operations. The plaintiff has to date asserted damage compensation claims in a still unspecified amount.

Based on the early stage of the proceedings, the litigation risk associated with this case can currently not be assessed with certainty. On 27 September 2016 the Furie Operating's insurance underwriters issued a preliminary coverage letter, subject to a reservation of rights, potentially affording insurance coverage to the Furie Operating for any loss under the lawsuit.

#### **Eric Henry Accident – potential claim**

In January 2016 Eric Henry, a deckhand on an offshore supply vessel owned by CISPRI Services, LLC's ("CISPRI"), was injured on the CISPRI vessel while it was conducting mooring operations to tie up to the Furie Operating's gas-production platform in Cook Inlet, Alaska. During the mooring operation an 18' one-inch wire rope sling that was part of the mooring system parted and struck Henry on or near the head. The wire rope sling that parted was owned by Furie Operating and one end of the sling was permanently attached to Furie Operating's gas platform and made available to vessels mooring to the platform.

Mr. Henry still is receiving treatment for his serious injuries. At this time, to the Issuer's knowledge, he has not yet filed a lawsuit or submitted a claim against Furie Operating nor has he made any settlement demand.

It is anticipated that, absent a favourable settlement, Mr. Henry may file a lawsuit eventually. Primary target might be CISPRI, Mr. Henry's employer. However, Furie Operating might be a secondary target and CISPRI may seek partial recovery from Furie Operating for medical expenses and other maritime remedies it is paying Mr. Henry.

## **GERMAN LITIGATIONS**

### **Declaratory Judgement Against the TB Treuhand as a Trustee**

The district court of Stuttgart decided in a declaratory judgement from November 28, 2016 (file number 38 O 79/15 KfH) that TB Treuhand (the Issuer was not a party in this litigation) shall be treated as if the transfer of the assets from US Öl- und Gasfonds XV GmbH to the Issuer would be invalid. The High Court adopted a different legal opinion. The High Court noted, that even if the management of US Öl- und Gasfonds XV GmbH & Co. KG exceeded any statutory competencies by transferring the assets of the company to the Issuer, this would never have any legal effect on the subsequent (material) assignation of the assets (in this case profit participation rights against Global Oil & Gas Invest XV GmbH) to the Issuer. According to a legal maxim in the German Civil Law (this maxim is called in Germany "Abstraktionsgrundsatz") the validity of the sales contract does not have any legal effect on the transfer of the ownership of the assets. In the nutshell: even if the plaintiff or any other shareholder would file a declaratory action against the Issuer (what still did not happen), the High Court would never classify the transfer of the assets to the Issuer as invalid. Further the High Court confirmed that such a judgement could only have binding effect between the parties of the litigation. So the shareholders of the US Öl- und Gasfonds XV GmbH & Co. KG could not derive any rights from such a judgement (so called "inter partes"-effect). After the hearing the plaintiff withdrew his action because he recognized that a continuation of the litigation is useless for him.

### **Litigations of two shareholders against the Issuer**

One shareholder filed an action against five defendants. One of the defendants is the Issuer. The shareholder filed a damage claim in an amount of EUR 15.750,00 because of the alleged mistakes of the prospectus of the US Öl- und Gasfonds XVII GmbH & Co. KG. Since the Issuer is not responsible for this prospectus the court considered in the hearing on 4 August 2017, that the claim against the Issuer has no chances of success. We still wait for the decision.

One further shareholder filed an action against four defendants on 21 June 2017. One of the defendants is the Issuer. The shareholder filed a damage claim about an amount of EUR 75.000,00 because of the alleged mistakes of the prospectus of the US Öl- und Gasfonds XVII GmbH & Co. KG and an alleged transgression of the competence by the former management of the US Öl- und Gasfonds XII GmbH & Co. KG by transferring the assets (in this case profit participation rights) from the company to the Issuer. Actually, we cannot see any basis for the claim against the Issuer. We still wait for the schedule of the hearing.

## 6. Related Party Transactions

The following transactions and legal relations between the DOG Group on the one hand and related persons on the other hand occurred or have existed already in the last two years and since the end of the last business year until the date of this Company Description.

### **Contribution of 5,000,000 Shares in DOG AG to the Issuer**

Within the framework of the capital increase by 4,969,000 shares of the Issuer (then SHCO 51 S.A.) adopted on 6 June 2014, DOG KG subscribed for the total of 4,969,000 shares of the Issuer in return for the contribution of all 5,000,000 shares in DOG AG.

### **Acquisition of shares**

By agreement dated 23 June 2014, the Issuer acquired from DOG KG 200,000 Class B shares. The Issuer was authorized to sell these shares or to realize their value in another fashion. DOG KG moreover agreed to grant the buyers of these shares a repurchase right and to exercise its voting right in the course of the next capital increase to warrant the granting of a subscription right to protect these minority shareholders. In return for this DOG KG did not receive any consideration different than what would be requested from a third party. Because DOG KG was the Issuer's sole shareholder on the closing date of the respective agreement, this agreement represents a financially neutral transaction for DOG KG. The Issuer sold all these shares.

In November 2014, a framework agreement was concluded with the majority shareholder concerning a transaction basically leading to an increase in the number of shares by a factor of 100 and to a cash capital increase by up to approx. EUR 220 million. By implementing this framework agreement, inter alia the capital of the Issuer was increased by EUR 475,080,000 against contribution in kind, such contribution being 10 % of the shares in DOG AG (which the Issuer had previously swapped for treasury shares of 10 % of the capital). As a consequence of the aforementioned swap and the framework agreement the Issuer held 50 million treasury shares of the Class B shares. Of these treasury shares around 4 million shares were subscribed as option shares and around 2 million as bonus shares. After the transfer of title to this total of around 6 million shares, the Issuer still held approx. 44 million treasury shares. The Issuer subsequently fulfilled liabilities of the DOG Group by transferring treasury shares. Consequently, the Issuer still held approx. 26 million treasury shares.

In November 2015 DOG KG transferred all 395,316,844 shares held by it in the company to Alecto against payment of EUR 10,000.00. As further consideration, Alecto agreed to unrestrictedly assume the obligations of DOG KG from the sale option granted to the investors for the account of DOG KG in relation to the respective buyers of the shares and to release DOG KG from all obligations based on the sale option.

In December 2016 Alecto transferred to the Issuer around 22.5 million Class B shares, some of which it had held for a long time and some of which it had additionally acquired from free float.

## 7. Material Transactions

Below are the material agreements outside of ordinary course of business which the DOG Group has concluded in the last two years or which are still currently in force:

### **Share Purchase and Transfer Agreement**

By way of a Share Purchase and Transfer Agreement of 29 December 2015, the DOG AG as sole shareholder of Cornucopia and Corsair Oil & Gas, LLC, Texas, sold and transferred all shares held by it in these two companies to the Issuer and, simultaneously, the Issuer transferred all shares of DOG AG to a third party entity. DOG AG and the Issuer were entitled to request the retransfer of the shares in Cornucopia, though this would simultaneously have entailed the retransfer of the shares in DOG AG to the Issuer, so that the Issuer always remained direct or indirect sole shareholder of Cornucopia and Corsair Oil & Gas, LLC, Texas. The Issuer made use of this option on the 3<sup>rd</sup> of July 2017. Therefore, the structure of the DOG Group is currently the same as it was before the conclusion of the Share Purchase and Transfer Agreement dated 29 December 2015.

### **Management Service Agreement**

On 1 March 2012, DOG AG concluded a Management Service Agreement with Cornucopia and Furie Operating. Based on this agreement, DOG AG was entitled to conduct and determine business of the Cornucopia Group. It was able to issue the Cornucopia Group binding instructions related to the business management. Moreover, DOG AG had to endeavor to finance the oil and natural gas explorations of the Cornucopia Group in the Kitchen Lights Unit in Alaska and collaborate in the preparation of the exploration plans to be approved by the state and the negotiation thereof, in all official matters related to the mineral extraction rights, and in all operative matters relating to oil and natural gas exploration and production. To enable DOG AG to exercise its rights and duties, the Cornucopia Group has agreed to provide current and comprehensive information about the development of its business, particularly about any planned investments. DOG AG has agreed to release the Cornucopia Group from any damage or liability arising in the execution of faulty or otherwise harmful instructions or recommendations by DOG AG, provided DOG AG acted intentionally or with gross negligence when issuing the instructions or recommendations. DOG AG was initially granted a monthly fee of USD 175,000.00 for its services, but this fee was increased to USD 200,000.00 by modification agreement of 14 August 2013 effective retroactively as of 1 March 2012. The Management Service Agreement also provided for DOG AG to be reimbursed for all costs incurred by it during the performance of services rendered in accordance with the Management Service Agreement.

In connection with the sale of all shares in Cornucopia by DOG AG to the Issuer by Agreement of 29 December 2015, the Issuer acceded to the Management Service Agreement in lieu of DOG AG.

### **Mezzanine Capital Loan Agreements**

DOG AG borrowed mezzanine capital of EUR 7.5 million from institutional investors. The mezzanine capital accrues interest at a rate of 7.5% annually and following change in the terms and conditions



can be terminated annually. In connection with the sale of all shares in Cornucopia by DOG AG to the Issuer by way of an agreement dated 29 December 2015, the Issuer assumed the obligation to indemnify DOG AG from liability. This extends inter alia to the above-described liabilities of DOG AG in connection with the borrowing of mezzanine capital.

Since July 2014, Cornucopia and Furie Operating have jointly borrowed mezzanine capital, secured by the total assets of Cornucopia, from institutional investors for their ongoing business operations. The principal loan amount currently amounts to USD 190.0 million. The repayment amount totals USD 300 million. Of this, an instalment of USD 30 million was due as of 31 December 2016, but was provisionally postponed as agreed based on ongoing talks about the planned early refinancing of the loan. The mezzanine capital accrues interest at a rate of 15.0% p.a. Unless they are refinanced, the principal repayment and the interest are to be paid using revenues attained from gas production.

From mid-November 2015 to mid-February 2016, the Issuer privately placed to individually selected investors a bond with an annual yield of 6.5% and a term until 31 December 2018, which was subscribed in the amount of EUR 4,035,000.00.

### **Agreements on Bearer and Registered Notes**

To finance the business activities of the DOG Group, the DOG Group issued via DOG AG and subsidiaries of DOG AG bearer and registered notes.

A total nominal amount of EUR 44.95 million of issued bearer and registered notes is currently outstanding. The underlying bearer and registered notes provide for terms of 6 to 47 months and a yield of 6.475 to 18% p.a.

In connection with the sale of all shares in Cornucopia by DOG AG to the Issuer by Agreement of 29 December 2015, the Issuer assumed the obligation to indemnify DOG AG from liability. This extends inter alia to the above-described liabilities of DOG AG incurred until 29 December 2015 in connection with the issue of registered notes. In a further indemnity agreement of 12 December 2016, the Issuer undertook to indemnify DOG AG against any further liabilities inter alia in connection with the issue of bearer and registered notes and against any damage compensation claims and litigation costs incurred in this connection. The Issuer is thus obliged to indemnify DOG AG as a whole from its liabilities in connection with the issue of bearer and registered notes.

### **Conclusion of Parity Loans**

DOG AG initiated a program to borrow qualified subordinated parity loans with an originally planned total maximum volume of EUR 10.0 million. In 2014 EUR 909,000.00 had been placed. The placement has been concluded.

In connection with the sale of all shares in Cornucopia by DOG AG to the Issuer by way of an Agreement of 29 December 2015, the Issuer assumed the obligation to indemnify DOG AG from liability. This extends inter alia to the above-described liabilities of DOG AG in connection with the conclusion of parity loans, so that the Issuer is jointly liable for this in relation to DOG AG.

### **Corsair Farmout Agreement**

On 11 February 2009, Furie Operating, which then had the corporate name Escopeta Oil Co., LLC, concluded an agreement in accordance with which Pacific Energy Alaska Operating, LLC transferred it a 100% stake in 6 mineral extraction rights (lease rights), relating to approx. 26,731 acres of space pertaining to the Corsair Block of the Kitchen Lights Unit and parts of the Central and North Blocks in the Kitchen Lights Unit (the "Farmout Agreement"). According to the conditions of the Farmout Agreement, it is foreseen for Furie Operating inter alia that, if Furie Operating sells, transfers or assigns its stake in one of the lease rights to a third party, the other party to the Farmout Agreement is entitled to request 20% of the revenues earned from the sale and an additional 20% of the received working interests remaining with Furie Operating after a sale, transfer or assignment. The Farmout Agreement was concluded for an indefinite period of time. After concluding the agreement, Pacific Energy Alaska Operating, LLC became insolvent. The Issuer does not expect any material adverse effects on the companies of the DOG Group as a result.

### **Operating Agreement**

On 22 October 2012, Furie Operating, Cornucopia and Taylor Minerals, LLC concluded an Operating Agreement, pursuant to which Furie Operating as exploration company and service provider was to carry out the exploration and development of oil and natural gas in certain areas, essentially in the Kitchen Lights Unit. The Operating Agreement is binding for later buyers of working interests in the Lease Rights. Furie Operating receives a monthly flat service fee of USD 50,000 in times when no drilling is being conducted and USD 100,000 in times when drilling is conducted. Furie Operating may withdraw at any time as operator of the explorations. The other parties to the agreement may dismiss Furie Operating as operator by majority resolution or otherwise only for good cause. A dismissal resolution is only valid if Furie Operating is notified about the dismissal in writing and fails to remedy the notified defect within 30 days after receipt of the notice or, if the defect relates to the ongoing operating activity of Furie Operating, to remedy the defect within 48 hours after receipt of the notice. The Operating Agreement will continue to exist in effect so long as the relevant oil and gas well rights continue to exist. The Operating Agreement and the laws of the State of Alaska (AS 31.05.100 - 31.05.110) guarantee the respective exploration company liens and other securities for the reimbursement of the operating expenditures borne by it. The Operating Agreement moreover stipulates that no party can sell, encumber, transfer or otherwise dispose of its interest in the Lease Rights encompassed by the Operating Agreement, unless such measure refers to the working interests to which a party is entitled as a whole in all Lease Rights or a corresponding percentage of all Lease Rights. It is moreover stipulated that any party wishing to sell its working interests in whole or in part must notify the other parties in advance, unless the creation of a land charge or a transfer by way of merger or reorganization are concerned. The notified parties then have a preemptive purchase right to the working interests up for sale at the terms and conditions at which the party willing to sell intends to sell. The Operating Agreement is subject to the laws of the State of Alaska.

### **Lease Assignment and Participation Agreement and Related Agreements**

On 22 October 2010 Furie Operating, Cornucopia (still under its previous corporate name Escopeta Oil of Alaska, LLC) and Taylor Minerals LLC concluded a Lease Assignment and Participations Agreement. Based on this agreement, Furie Operating and Taylor Minerals ("Assignors") sold their mineral exploitation rights ("lease rights") to 94,706 acres of lease land located in the Cook Inlet, Alaska to

Cornucopia and assigned to it these rights. Of the 94,706 acres, 83,394 acres are attributable to the Kitchen Lights Unit and 11,312 acres to another area outside the Kitchen Lights Unit called the North Alexander Prospect. The mineral exploitation rights convey 79% working interests in the oil and natural gas produced from the leased properties. The Lease Agreement and Participation Agreement obliges Furie Operating to ensure that exploration wells are drilled in the Kitchen Lights Unit. The Lease Agreement and Participation Agreement obliges Cornucopia inter alia to bear 100 % of the costs of drilling Kitchen Lights Unit #1, including the shares proportionally attributed to the other Working Interests Owners. This is also to apply to other wells drilled in the Kitchen Lights Unit. To compensate for this cost bearing duty, Cornucopia has the right to receive all tax credits granted by the State of Alaska for the performance of the activities financed by it. Moreover, Cornucopia is entitled to all future revenues from the production up to the amount of the total costs borne by it. Only when it has been reimbursed for its costs in this way the other Working Interest Owners are entitled to profit shares in accordance with their Working Interest. The Lease Agreement and Participation Agreement contains a confidentiality agreement and grants the other Working Interest Owners a pre-emptive purchase right in the event Cornucopia intends to sell its share or a fraction thereof in the lease rights of the Kitchen Lights Unit. The Lease Agreement and Participation Agreement takes precedence in the event of conflicts with the Operating Agreement and is likewise subject to the law of Alaska.

On 29 June 2011 the following three agreements were concluded in relation to the ownership rights in the Kitchen Lights Unit and other matters, as described below.

- An agreement between Denny Davis (“Davis”) and Lawrence Berry (“Berry”) and Cornucopia as shareholder of Furie Operating, in accordance with which Davis and Berry sold and transferred their rights in Furie Operating (then with the corporate name Escopeta Oil Co., LLC) to Cornucopia. It was moreover agreed to rename Escopeta Oil Co., LLC “Furie Operating” and to transfer the old name back to Davis. At the same time, the working interests in the Kitchen Lights Unit to which Furie Operating was entitled were transferred to Davis and Berry, so that Cornucopia retained 79% of the working interests.
- An agreement between Davis, Berry and Furie Operating confirming the sale of the lease rights in the Kitchen Lights Unit to Cornucopia and pursuant to which Davis assigns a further 1% portion of his working interests to Cornucopia, thus increasing the share of Cornucopia in the lease rights in the Kitchen Lights Unit to 80% (Cornucopia has transferred this 1% working interest to Furie Operating). This agreement also confirms that Cornucopia assumes the portion of costs that would have had to be borne by Davis and Berry for the wells in the Kitchen Lights Unit #1 and for other wells. Davis and Berry approved the terms and conditions of the Operating Agreement and were given the right to receive well reports and logs and other information and to participate at meetings discussing the progress of the Kitchen Lights Unit projects and to receive access to the well areas. This agreement is subject to the law of the State of Texas.
- An agreement between Cornucopia and Davis and Berry in which Davis and Berry undertake to bear 10% of the costs for the fee due to a violation of the United States Jones Act with respect to the transport of the Spartan 151 rig to Alaska. The 10% payment is to be made so that this amount is deducted by Davis’s and Berry’s future shares in the production revenues of the Kitchen Lights Unit.

The DOG Group holds the following lease rights: ADL 389197, ADL 389196, ADL 389198, ADL 389515, ADL 389189, ADL 389190, ADL 389191, ADL 389192, ADL 389193, ADL 389507, ADL 389513, ADL 389514, ADL 389914, ADL 389915, ADL 389917, ADL 389918, ADL 389919, ADL 389923, ADL 389924,

ADL 389925, ADL 389926, ADL 389927, ADL 389928, ADL 389929, ADL 389930, ADL 390374, ADL 390381, ADL 390548, ADL 390554, ADL 391106. Third-party working interests in these lease rights and third party working interest owners can be seen on the DNR's website in Alaska.

### **General Services Agreement**

On 8 / 9 February 2011 Furie Operating and Williams Jacobs Management, Inc. (the "Service Provider") concluded a General Services Agreement, pursuant to which the Service Provider had to prepare for Furie Operating construction plans, drafts and similar documents for the exploration and production of oil and natural gas after receipt of an order confirmation containing details on the relevant project. For the preparation of the construction plans, the Service Provider receives performance-related compensation to be determined by the parties in each specific case. The rights to calculations, specifications, drawings, etc. prepared by the Service Provider for Furie Operating are to remain with the Service Provider. However, Furie Operating is entitled to use these documents as long as these are necessary for its business activities. Moreover, the Service Provider remains owner of its protected information and technologies that were developed and are used in connection with the agreement, unless the protected information is procured using protected information of Furie Operating. Furie Operating is entitled to terminate every job order commissioned under this agreement with a notice period of 10 days. If Furie Operating terminates the agreement on a ground not attributable to a fault of the Service Provider in execution of its work order, Furie Operating must pay the Service Provider an appropriate compensation. Furie Operating need not pay any compensation if the termination was based on breaches of the obligations incumbent on the Service Provider. The Service Provider is entitled to terminate the agreement with a notice period of 60 days, provided it has fulfilled all the obligations incumbent on it.

### **Offshore Daywork Drilling Contract**

Furie Operating concluded with Nordic Overseas Drilling & Services GmbH, Hamburg (hereinafter, "Nordic Overseas") an Offshore Daywork Drilling Contract as of 1 January 2016. According to this contract, Nordic Overseas must provide Furie Operating the Randolph Yost drilling rig, including equipment and crew on a daily wage basis, and perform certain services such as, in particular, drillings in accordance with the instructions and under the supervision of Furie Operating. The Randolph Yost drilling rig is operated in the Nikiski Region in the Cook Inlet, Alaska. Pursuant to the contract, the jack-up drilling rig is to be operated, crewed and maintained by Nordic Overseas. For the period from the start of the contract until the installation of the drilling platform, the contract provides for a daily rate of USD 160,000.00. For the period of the operation of the drilling platform, including the repair and other standby times, a daily rate of USD 220,000.00 is agreed. The contract moreover contains a detailed list of the further costs to be borne by Furie Operating for individual services and consumed materials. The contract had a term from 1 January 2016 until the end of the drilling work at the Kitchen Lights Unit #3 well at the end of October 2016. The parties are negotiating an extension of the Offshore Daywork Drilling Contract, though the individual conditions of the contract could change.

The Issuer provided a guarantee for Furie Operating in the amount of up to USD 21.9 million as security for the ongoing charter installments for the lease of the Randolph Yost for a term of three years.

## **Support Boat Charters**

In January 2013 Furie Operating concluded two charter agreements with Ocean Marine Services, Inc. for the lease of two offshore ships to make transports to and from the jack-up rig (support boat charters). These ships perform logistical services, e.g. transporting materials, equipment and crew from land to the jack-up rig. The ships are also used for evacuation in accidents or emergencies. The two ships are the Discovery (USCG Official Number 1063001) and the Sovereign (USCG Official Number 618175). The two charter agreements are largely identical, except for the term. The Discovery was leased for 12 months and the Sovereign for 10 months, though two renewal options of 12 months each are foreseen in favour of the DOG Group for each ship. Furie Operating pays a daily rate of USD 9,950.00 for the use of the Discovery and USD 9,995.00 for the Sovereign during the drilling season. Added to this are the costs of gasoline and lubricants. During the non-drilling winter season from 15 November to 1 April, Furie Operating pays a daily rate for the Discovery and the Sovereign of USD 5,000.00 each. If the Sovereign is not fully crewed, the daily rate decreases to USD 8,500.00. Both agreements require Ocean Marine Services, Inc. to provide a full crew and to maintain and operate the ships. Furie Operating has used the Discovery since July 2011 and the Sovereign since April 2013.

The DOG Group is not dependent on other agreements outside its normal business operations.

## **Facilities Installation Contract**

In 2013 DOG Group concluded an agreement on the construction of a monopod gas platform, an underwater pipeline and an onshore production facility in the Cook Inlet in Alaska. In December 2014 a settlement agreement was concluded between the parties for payment of the work performed until 31 December 2014 and a corresponding payment was rendered. At the start of 2015, a new agreement was concluded regarding the transport and installation of the platform, the underwater pipeline and the onshore production facility. The costs for the services amount to approx. USD 92.0 million.

Moreover, DOG Group concluded agreements with various service providers in connection with the setup of the production infrastructure.

## **Gas Purchase Agreements**

Currently, DOG Group has concluded the following gas purchase agreements with the following natural gas purchase volumes and terms that have not yet ended: one gas purchase agreement has a three-year term from 1 April 2016 until 31 December 2018 with a two-time one-year renewal option and provides as of 2017 for natural gas purchases from 4.0 to 6.2 BCF (billion cubic feet) per year with annually increasing purchase prices of USD 6.50 to a maximum of USD 12.37 per MCF (thousand cubic feet). A further gas purchase agreement has a three-year term commencing 1 April 2018 with a renewal option for an additional two years and provides for natural gas purchase volumes of 10 (in the summer) up to 22 (in the winter) MMCF (million cubic feet) per day with a total annual volume of 6.2 BCF and an option volume of up to 1 BCF per year at annually increasing prices of USD 6.70 per MCF in 2018 and USD 7.25 in 2022 (the average price for the optional volumes is USD 8.04 per MCF). An additional agreement has a term from 1 April 2017 to 30 June 2017 and provides on an interruptible basis for a volume of up to 5 MMCF per day at a price of USD 6.05 per MCF. A further agreement has a term from 1 July 2016 to 30 September 2017 and provides for a delivery volume on an interruptible basis of up to 12 MMCF per day at a price to be negotiated on the purchase date with a minimum purchase price of USD 5.50 per MCF. An additional agreement has a term from 5 October 2016 until

30 June 2017 and contains a delivery volume on an interruptible basis of up to 12 MMCF per day at a price of USD 6.20 per MCF.

Furie Operating entered into an additional gas sale agreement with a term from March 2017 until 31 March 2033 on an interruptible basis for the period as of 2017 and with fixed sales volumes as of 2023. For 2017 a volume of 0.5 BCF at a price of USD 6.45 is agreed. In the period from 2023 until 2033 the agreement provides for an annual volume of 1.825 BCF (5 MMCF per day) with an option to additional up to 1.825 BCF (5 MMCF per day) at an average price of USD 7.64. As regards deliveries on an interruptible basis a minimum base price of USD 5.75 (2017) up to USD 6.25 (2033) applies. The agreement has been approved by the Regulatory Commission of Alaska (RCA) on 1 May 2017.

### **Stock Purchase and Transfer Agreement**

By Stock Purchase and Transfer Agreement of 30 December 2015, the Issuer as sole shareholder of DOG AG transferred all shares held by it in DOG AG for a purchase price of EUR 1,000.00 to Deutsche Oel & Gas GmbH & Co. KG, Stuttgart.

### **Agreement to Provide Capital in Return for Indemnity**

On 12 December 2016 the Issuer concluded with DOG AG an agreement to provide capital in return for an indemnity. In accordance therewith, DOG AG will issue bearer and registered notes to investors and forward the net issue proceeds to the Issuer and/or the Cornucopia Group to further finance their business activity. The issue of the bearer and registered notes by DOG AG requires the Issuer's approval. DOG AG did neither in the past nor does it currently plan in the future to make an offer to the public requiring to draw up a securities prospectus. As consideration for providing the capital, the Issuer is obliged to unconditionally indemnify DOG AG upon first demand against all claims of the investors based on the issue of the bearer and registered notes and to make all payments in accordance with the terms of the notes when due to DOG AG or, at the latter's request, directly to the investor(s). Furthermore, the Issuer is obliged to assume the costs of litigation related to the issue of the bearer and registered notes, including the costs of defending against claims, e.g. regarding damage to reputation. In the event a lawsuit is ended by settlement, the Issuer is obliged to pay the full scope of the settlement, provided it has approved the settlement in advance. The financial liabilities of DOG AG, to which these indemnity obligations based on the Share Purchase and Transfer Agreement described under a) and the Agreement to Provide Capital in Return for an Indemnity extend, amounted as of 30 September 2016 to a total of around EUR 44.95 million. The significant further financial liabilities of DOG AG, which previously existed, have expired. The Agreement to Provide Capital in Return for an Indemnity does not provide for any particular term. The agreement may thus be terminated at any time by any of the parties.

### **Agreements Relating to the Capital Increase in the Year 2014/2015**

In November 2014 the Issuer implemented different steps in relation to a capital increase. Background was the intention of the Issuer to increase the subscribed capital and therewith the amount of the shares by a factor of 100. At that time the Issuer had placed shares for approx. EUR 1,000.00 per share. This was a rather high price for each share, in particular considering the envisaged plans for listing the shares of the Issuer. For this reason the Issuer already started preparation in the summer 2014 to

increase the share capital by capital increase at nominal EUR 1.00 and in connection with the substituting placement of approx. 200.000 shares of the former class B obtained the obligation of its former majority shareholder to grant the minority shareholders subscription rights in order to reduce the price per share resp. increase the amount of the shares under a corresponding capital increase.

In a first step, the Issuer transferred 10 % of its shares in its at that time 100 % affiliated entity, DOG AG, to Deutsche Oel & Gas Invest S.A. Deutsche Oel & Gas Invest S.A. itself is also a 100 % affiliated entity of the Issuer, acquired by the Issuer in November 2014. This transfer resulted in a commercial book profit of the Issuer amounting to approx. EUR 500 million. In a further step, the Issuer concluded an agreement with DOG KG. In this agreement further steps were agreed and DOG KG was obliged to accomplish these steps, resp. to conduct all necessary supporting measures as the aforementioned is considered as an integral transaction and the comprised steps were in the opinion of the Issuer only to be implemented collectively. Implementing this agreement the Issuer swapped 10 % (500,000) of the shares in DOG AG with slightly over 10 % (555,692) of its own shares, which DOG KG held with the consequence that thereafter DOG KG held 10 % of the DOG AG shares and the Issuer held slightly over 10% (555,692) of own A shares. After that, the Issuer's share capital was increased by EUR 475,080,000.00 by way of contribution in kind. In connection with this capital increase in kind 425,635,692 new A shares and 49,444,308 new former B shares were issued to DOG KG. As consideration for these in aggregate 475,080,000 new shares DOG KG transferred as contribution in kind 10 % shares in DOG AG, which DOG KG had received upfront from the Issuer by way of the swap (and therewith connected acquisition of own shares by the Issuer), so that in the consequence the Issuer again held (directly or indirectly) 100 % of the shares in DOG AG. In connection with the capital increase in kind the corresponding shares were issued at EUR 1.00 per share. Subsequently, DOG KG transferred to the Issuer 49,444,308 (own) former B shares to the Issuer in accordance with the contractual terms of the swap (swap of 10 % shares in DOG AG with 10 % (own) shares in the Issuer with regard to the share capital of the Issuer after completion of the entire transaction). The consequence was, that the Issuer in aggregate with the 555,692 A shares, which it had received from DOG KG in the first step under the swap, again held 10 % own shares following the capital increase in kind and the following (participation maintaining) cash capital increase in the years 2014/2015 (assuming the complete subscription of the capital increase shares). The offer of the capital increase shares was made in connection with the capital increase in the years 2014/2015 in order to avoid that the shareholders who held former B shares were diluted by the non-cash capital increase.

The following table serves the illustration, showing the development resp. the ownership in the shares of the Issuer under the aforementioned measures:

<b>No.</b>	<b>DOG KG</b>	<b>Shareholders</b>	<b>Issuer</b>	<b>Measures</b>
	4,800,000	201,200	-	Share structure prior to the aforementioned measures.
1	-555,692	-	555,692	Acquisition of own shares by the Issuer against transfer of 10 % DOG AG shares to DOG KG
2	4,244,308 475,080,000	201,200	555,692	Share structure following the swap Capital increase of the Issuer by 475,080,000 shares against transfer of 500,000 DOG AG shares by DOG KG
	479,324,308	201,200	555,692	Share structure following non-cash capital increase

<b>No.</b>	<b>DOG KG</b>	<b>Shareholders</b>	<b>Issuer</b>	<b>Measures</b>
3	-49,444,308		49,444,308	Transfer of the Issuer's shares by DOG KG to the Issuer as further consideration for the swap under No. 1 (in order to avoid a dilution of the Issuer)
	429,880,000	201,200	50,000,000	Share structure following completion of the aforementioned measures.

### **Preferred Equity Interest Agreements I - III**

Cornucopia has financed its business activities inter alia by so called Preferred Equity Interest I - III. These were financed via intermediate structures by investors, which invested in fund companies and profit participations. The Preferred Equity Interests I – III provide a right to the distribution of profits as well as an allocation of losses and are qualified as balance sheet equity of Cornucopia. The structure serves tax purposes. In the meantime these fund participations and profit participations have been contributed to the Issuer. As a consequence the Issuer holds indirectly via intermediate structures 99 % of the so called Preferred Equity Interest I – III, which have been issued by Cornucopia. In the opinion of the Issuer the intermediate structures exist in such a way, that the payment is secured and will be made to the Issuer subject to appropriate costs and in the case of disbursement. In the Issuer's opinion it is economically irrelevant whether the payment claims arising from the Preferred Equity Interest I – III flow to the Issuer via the intermediate structures or as profit participation right of the Issuer against Cornucopia. Against this backdrop and in order to facilitate the structures the Issuer intends to contribute the claims arising from the Preferred Equity Interest I – III to the group of the Issuer so that profits and losses will only flow and be settled internally within the group of the Issuer.



## 8. Planned Further Operation

The strategy of the Issuer and the DOG Group consists of discovering and developing gas and oil deposits in the Kitchen Lights Unit and producing oil and natural gas after creating the production infrastructure. In pursuit of this business strategy, the following measures are planned:

- A development plan exists for five gas sources in the Kitchen Lights Unit, the development of which is to enable entry into the local gas market in order to profit from the existing shortage of natural gas and to enter into long-term agreements for the sale of gas. Gas production based on one of these gas sources began in the second half of November 2015. In 2016 a second gas source was developed (Kitchen Lights Unit #3B).
- Moreover, a large oil deposit, where drilling began in 2013, is to be developed and put into production in 2018/2019. The Issuer and the DOG Group assume that this will be good quality oil.
- To diversify gas distribution possibilities, the DOG Group plans to procure access to a natural gas liquefaction terminal and has already initiated negotiations for this purpose. In this way, the DOG Group is to be put into the position to export natural gas in the form of LNG.
- To improve the precision of future explorations, the DOG Group plans to carry out 3D seismographic studies for the Kitchen Lights Unit or to procure corresponding data in another fashion.
- Depending on the outcome of the exploration and the future extractable gas and oil volumes, negotiations are to be conducted with the DNR aimed at adapting the current exploration plan and extending it by two additional years so that further gas and oil deposits can be discovered in this period and flow tests performed.
- The DOG Group plans to recruit further qualified employees to fill key positions, such as in engineering, drilling and management, so as to achieve profitability for the exploration and production activities in the Kitchen Lights Unit faster.
- Cooperation with the DNR is to be further strengthened, facilitated through documentation of successful tests and developments, in order to carry out further explorations.

All of the aforementioned measures require that the Issuer succeeds in borrowing the necessary financing.

**Deutsche Oel & Gas SA**  
*Société Anonyme*

**Annual Accounts**  
**As at 31 December 2015**

**R.C.S. Luxembourg : B179408**

**Registered Office**

45, Boulevard Prince Henri  
L-1724 LUXEMBOURG

*Handwritten mark*

# Deutsche Oel & Gas SA

Société Anonyme

45, Boulevard Prince Henri L-1724 LUXEMBOURG

R.C.S. Luxembourg : B179408

Subscribed Capital : EUR 500,000,000

## Directors' Report For the year ended 31 December 2015

### To the Shareholders of the Company

In accordance with our mandate as Directors of your Company and with the legal and statutory requirements, we present the Balance Sheet at 31 December 2015 and the Profit and Loss Account for the year then ended.

The profit brought forward is EUR 474,438,345 and the result for the year is a profit of EUR 1,910,853. We propose that you appropriate EUR 95,543 to the Legal Reserve, to carry forward retained profits of EUR 474,342,802 and to approve the Balance Sheet and Profit and Loss Account as presented.

During the year 2015, the following balance sheet events occurred:

The 100% subsidiary Deutsche Oel & Gas Invest SA, was dissolved on July 23, 2015. The assets and liabilities representing the net equity amounting to € 500,003,397 were paid as liquidation proceeds to the parent company Deutsche Oel & Gas SA.

During 2015, the subscribed capital increased by € 19,918,800 EUR from € 480,081,200 EUR to € 500,000,000 EUR by the issuance of 19,918,800 B-shares.

The subscribed capital is EUR 500,000,000 represented by 500,000,000 shares with a nominal value of EUR 1.00 each, divided into 145,435,692 A-shares, 219,564,308 B-shares, 10,000,000 C-shares, 125,000,000 D-shares of EUR 1.00 each and fully paid. 11,240,661 own B-shares have been sold during the financial year.

The Company did not acquire any additional own shares during the year under review.

The Company did not engage in any research and development activities during the year under review.

The Company did not have any branches during the year under review.

Luxembourg, *Dec 2, 2016*

Name

*LARS DEGENHARDY*

Director

*DEUTSCHE OEL & GAS S.A.*

Name

Director

*MS*



**International Audit Services**  
Cabinet de Révision Agréé

To the shareholders of  
**Deutsche Oel & Gas S.A.**  
45, Boulevard Prince Henri  
L-1724 Luxembourg

**REPORT OF THE REVISEUR D'ENTREPRISES AGRÉÉ**

We have audited the accompanying annual accounts of Deutsche Oel & Gas S.A., which comprise the balance sheet as at 31 December 2015 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Responsibility of the Board of Directors for the annual accounts*

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

*Responsibility of the réviseur d'entreprises agréé*

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain a reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the *réviseur d'entreprises agréé's* judgement, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the *réviseur d'entreprises agréé* considers internal control relevant to the entity's preparation and fair presentation of the annual accounts 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating 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 audit opinion.

A small, handwritten signature or mark in the bottom right corner of the page.



**International Audit Services**  
**Cabinet de Révision Agréé**

*Opinion*

In our opinion, the annual accounts give a true and fair view of the financial position of Deutsche Oel & Gas S.A. as of 31 December 2015 and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Luxembourg, December 2016

A handwritten signature in black ink, appearing to read 'K. Horsburgh', is written over the printed name.

Karl Horsburgh  
*Réviseur d'Entreprises Agréé*  
International Audit Services S.à r.l.

A small, handwritten mark or signature in the bottom right corner of the page, consisting of a few stylized, overlapping lines.

**Deutsche Oel & Gas SA**  
Société Anonyme

**Abridged Balance Sheet**  
**as at 31 December 2015**

	Note	2015 EUR	2014 EUR
<b>ASSETS</b>			
<b>C. Fixed Assets</b>		<b>1,659,136,633</b>	<b>1,216,382,771</b>
III. Financial assets	3	1,659,136,633	1,216,382,771
<b>D. Current Assets</b>		<b>112,749,452</b>	<b>53,643,198</b>
II. Debtors	4	<b>112,434,911</b>	<b>49,930,813</b>
a) becoming due and payable within one year		112,434,911	49,930,813
IV. Cash at bank, cash in postal cheque accounts, cheques and cash and in hand		314,541	3,712,385
<b>TOTAL ASSETS</b>		<u><u>1,771,886,085</u></u>	<u><u>1,270,025,969</u></u>
<b>LIABILITIES</b>			
<b>A. Capital and reserves</b>		<b>1,770,837,288</b>	<b>1,255,140,984</b>
I. Subscribed Capital	5	500,000,000	480,081,200
II. Share premium and similar premiums	5	24,951,000	24,951,000
III. Revaluation reserves	5	705,807,312	200,700,000
IV. Reserves	6	63,729,778	50,000,000
V. Profit/(loss) brought forward	6	474,438,345	(9,999)
VI. Profit for the financial year	6	1,910,853	499,418,783
<b>C. Provisions</b>	7	<b>404,296</b>	<b>294,840</b>
<b>D. Non subordinated debts</b>	8	<b>644,501</b>	<b>14,590,145</b>
a) becoming due and payable within one year		644,501	14,590,145
<b>TOTAL LIABILITIES</b>		<u><u>1,771,886,085</u></u>	<u><u>1,270,025,969</u></u>

The notes in the annex form an integral part of the annual accounts.

# Deutsche Oel & Gas SA

*Société Anonyme*

## Notes to the annual accounts

31 December 2015

---

### 1. GENERAL

Deutsche Oel & Gas SA (hereafter the "Company") was formed on 29 July 2013 with the name SHCO51 SA as a Société Anonyme for an unlimited duration.

The registered office was established at 26 Boulevard Royal, L-2449 Luxembourg and has been transferred on 18 February 2016 at 45 Boulevard Prince Henri, L-1724 Luxembourg.

The Company's financial year begins on 1 January and ends on 31 December.

The object of the Company is the holding of participations, in any form whatsoever, in Luxembourg and foreign companies, or other business entities, the acquisition by purchase, subscription, or in any other manner as well as the transfer by sale, exchange or otherwise of stock, bonds, debentures, notes and other securities of any kind, and the ownership, administration, development and management of its portfolio. The Company may also hold interests in partnerships and carry out its business through branches in Luxembourg or abroad. Further, it may invest in the acquisition and management of a portfolio of trademarks or other intellectual property rights of any nature or origin.

The Company may borrow in any form and proceed to the issue of bonds and debentures.

The Company may grant assistance (by way of loans, advances, guarantees or securities or otherwise) to companies or other enterprises in which the Company has an interest or which forms part of the group of companies to which the Company belongs, take any controlling and supervisory measures and carry out any operation which it may deem useful in the accomplishment and development of its purposes.

The Company can perform all commercial, technical and financial or other operations, connected directly or indirectly in all areas in order to facilitate the accomplishment of its purpose.

The Company has not produced consolidated financial statements in accordance with the exemption granted in article 313 (1) of the Law of 10 August 1915 concerning commercial companies.

The Company is defined as a small company under the law of 19 Decembre 2002 as amended. Consequently, these annual accounts consist of an abridged Balance Sheet and an abridged Profit and Loss Account as permitted by that law.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The annual accounts have been prepared in accordance with the Luxembourg legal and regulatory requirements following accounting principles generally accepted in Luxembourg. Accounting policies and valuation rules are, besides the ones laid down by the law of 19 December 2002, determined and applied by the Directors.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in the process of applying the accounting policies.

Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**Deutsche Oel & Gas SA**  
Société Anonyme

**Abridged Profit and Loss Account  
for the year ended 31 December 2015**

	Note	2015 EUR	2014 EUR
<b>A. CHARGES</b>			
1 to 2 Gross loss (less B.1 to B.3 and B.5)	9	6,132,413	930,802
3. Staff costs		16,000	-
a) Salaries and wages		16,000	-
8. Interest and other financial charges		307	415
b) other interest and similar financial charges		307	415
11. Income tax		4,410	-
13. Profit for the financial year		1,910,853	499,418,783
<b>TOTAL CHARGES</b>		<u>8,063,983</u>	<u>500,350,000</u>
<b>B. INCOME</b>			
1. to 3. and 5. Gross profit (less A.1 and A.2)	10	8,063,983	850,000
10. Extraordinary income	11	-	499,500,000
<b>TOTAL INCOME</b>		<u>8,063,983</u>	<u>500,350,000</u>

The notes in the annex form an integral part of the annual accounts.



# Deutsche Oel & Gas SA

Société Anonyme

## Notes to the annual accounts

31 December 2015

---

### 2.2 Significant accounting policies

The main valuation rules applied by the Company are as follows:

#### **Financial fixed assets**

Shares in affiliated undertakings/participating interests/loans to these undertakings/securities held as fixed assets/other loans are valued at purchase price/nominal value (loans and claims) including the expenses incidental thereto.

In case of durable depreciation in value according to the opinion of the Directors, value adjustments are made in respect of fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date.

These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

#### **Debtors**

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

#### **Translation of foreign currencies**

All transactions expressed in currencies other than EUR are converted into EUR at the exchange rate ruling at the date of the transaction.

Formation costs as well as long-term assets expressed in currencies other than EUR are converted into EUR at rates of exchange ruling on the date of the transaction. At the date of the Balance Sheet, these remain at historic rates of exchange.

Cash and bank balances are converted at rates of exchange ruling at the date of the Balance Sheet. Profits or losses resulting from such conversion are shown on the Profit and Loss Account.

Other assets are individually converted and shown at the lower of cost or converted values. Liabilities are individually converted and shown at the higher of their nominal or converted values. Realised gains and all losses on exchange, whether realised or unrealised, are shown on the Profit and Loss Account.

Where there is an economic link between an asset and a liability, these are valued in total according to the method described above and the net unrealised loss is recorded in the Profit and Loss account.

#### **Provisions**

Provisions for liabilities and charges are intended to cover losses or debts the nature of which is clearly defined and which, at the date of the balance sheet are either likely or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

#### **Value adjustments**

Value adjustments are deducted directly from the related asset.

#### **Debts**

Non subordinated debts are recorded at their reimbursement value.

#### **Turnover**

The net turnover comprises the amounts derived from the provision of services falling within the Company's ordinary activities, after deductions of sales rebates and of value added tax and other taxes directly linked to the turnover.

# Deutsche Oel & Gas SA

Société Anonyme

## Notes to the annual accounts

31 December 2015

3. FINANCIAL FIXED ASSETS	2015 EUR	2014 EUR
Cornucopia Oil & Gas Company, LLC	437,488,764	140,709,606
Deutsche Oel & Gas AG	1,182,888,530	525,642,165
Deutsche Oel & Gas INVEST SA (dissolved)	-	500,031,000
Own shares or corporate units	38,759,339	50,000,000
	<u>1,659,136,633</u>	<u>1,216,382,771</u>

Enterprises in which the Company holds at least 20% of the capital, or in which it is a general partner, and the registered addresses	Capital held %	Date to which the last annual accounts are made up	The Company's share of net equity at the date of the annual accounts, in EUR	The Company's share of results of the last financial year, in EUR
---	-------------------	--	--	---

Deutsche Oel & Gas AG, Gerokstrasse 33, D-70184 STUTTGART	90%	31 Dec 2014	2,684,100	(1,969,516)
--	-----	-------------	-----------	-------------

The Company holds preferred equity interest in Cornucopia Oil & Gas Company LLC amounting to EUR 437,488,764.

	2015 EUR	2014 EUR
Own shares or corporate units		
Gross book value - opening balance	50,000,000	-
Disposal during the year consisting of Own 11,240,661 B-shares	(11,240,661)	50,000,000
Gross book value - closing balance	<u>38,759,339</u>	<u>50,000,000</u>
Net book value - closing balance	<u>38,759,339</u>	<u>50,000,000</u>

#### 4. DEBTORS

	2015 EUR	2014 EUR
Debtors comprise of:		
Receivable amount from Deutsche Oel & Gas AG	61,077,877	26,587,103
Receivable amount from Furie Petroleum LLC	51,302,192	22,300,000
Receivable amount from Shareholding	-	1,040,500
Fiscal debtors		
Taxation advances	3,210	3,210
Other debtors		
Amounts due in less than one year	51,632	-
Total	<u>112,434,911</u>	<u>49,930,813</u>

# Deutsche Oel & Gas SA

*Société Anonyme*

## Notes to the annual accounts

31 December 2015

### 5. SHARE CAPITAL, SHARE PREMIUM AND REVALUATION RESERVES

The authorised capital is EUR 1,500,000,000 and the subscribed capital is EUR 500,000,000 represented by 500,000,000 shares with a nominal value of EUR 1.00 each, divided into 145,435,692 A-shares, 219,564,308 B-shares, 10,000,000 C-shares and 125,000 D-shares of EUR 1.00 each and fully paid. 11,240,661 own B-shares have been sold during the financial year.

	2015 EUR	2014 EUR
Number of shares in issue on 1 January	480,081,200	31,000
Additional shares issued during the year	19,918,800	480,050,200
Number of shares in issue on 31 December	<u>500,000,000</u>	<u>480,081,200</u>
<b>Share premium</b>	<b>2015 EUR</b>	<b>2014 EUR</b>
Share premium at 1 January	24,951,000	-
Movements during the year	-	24,951,000
Share premium at 31 December	<u>24,951,000</u>	<u>24,951,000</u>
<b>Revaluation reserves</b>	<b>2015 EUR</b>	<b>2014 EUR</b>
Revaluation Reserves on 1 January	200,700,000	-
Movements during the year	505,107,312	200,700,000
Revaluation Reserves on 31 December	<u>705,807,312</u>	<u>200,700,000</u>

### LEGAL RESERVE

Luxembourg companies are required by law to allocate at least 5% of their annual net profits to a legal reserve, until such time as the legal reserve reaches 10% of the issued share capital. This reserve is not available for distribution.

# Deutsche Oel & Gas SA

Société Anonyme

## Notes to the annual accounts

31 December 2015

<b>6. MOVEMENTS FOR THE PERIOD ON RESERVES AND RETAINED EARNINGS</b>	<b>2015 EUR</b>	<b>2014 EUR</b>
Legal Reserve at 1 January	-	-
Movements during the year	24,970,439	-
Legal Reserve at 31 December	<u>24,970,439</u>	<u>-</u>
Reserves for own shares at 1 January	50,000,000	-
Movements during the year	(11,240,661)	50,000,000
Reserves for own shares at 31 December	<u>38,759,339</u>	<u>50,000,000</u>
Total Reserves at 31 December	<u>63,729,778</u>	<u>-</u>
Profit/(loss) brought forward at 1 January	499,408,784	(9,999)
Transfer to statutory reserves	(24,970,439)	-
Results for the year	1,910,853	499,418,783
Profit/(loss) carried forward at 31 December	<u>476,349,198</u>	<u>499,408,784</u>
<b>7. PROVISIONS</b>	<b>2015 EUR</b>	<b>2014 EUR</b>
The provisions for liabilities and charges are as follows:		
Taxation	2,408	2,408
Other provisions mainly consist of Audit and Legal provisions	401,888	292,432
Total	<u>404,296</u>	<u>294,840</u>
<b>8. NON SUBORDINATED DEBTS</b>	<b>2015 EUR</b>	<b>2014 EUR</b>
Amounts due and payable are as follows:		
<b>Due within one year</b>		
Trade creditors	644,501	95,147
Other creditors mainly consists of shareholder's payment made for a capital increase.	-	14,494,998
<b>Total due within one year</b>	<u>644,501</u>	<u>14,590,145</u>
<b>Total Non subordinated debts</b>	<u>644,501</u>	<u>14,590,145</u>

# Deutsche Oel & Gas SA

Société Anonyme

## Notes to the annual accounts

31 December 2015

<b>9. OTHER OPERATING CHARGES</b>	<b>2015</b>	<b>2014</b>
	<b>EUR</b>	<b>EUR</b>
Office supplies	12,806	3,998
Computer maintenance and repairs	2,608	4,420
Bank charges	-	-
Legal fees	1,689,143	462,981
Accounting and Auditing fees	6,400	283,673
Other fees	312,890	2,458
Buildings rent	37,134	48,343
Advertising fees	187,130	105,296
Telephone	3,567	3,506
Other commissions and professional fees	3,863,733	15,777
Contributions to professional organisations	-	350
Bank charges	6,141	-
Travel expenses	5,917	-
Other registration fees, stamps and mortgage duties	4,944	-
	<u>6,132,413</u>	<u>930,802</u>
<b>10. OTHER OPERATING INCOME</b>	<b>2015</b>	<b>2014</b>
	<b>EUR</b>	<b>EUR</b>
Recharge of expenses	6,708,374	-
Other miscellaneous operating income consists of Management Fees	1,355,609	850,000
	<u>8,063,983</u>	<u>850,000</u>
<b>11. EXTRAORDINARY INCOME</b>	<b>2015</b>	<b>2014</b>
	<b>EUR</b>	<b>EUR</b>
In 2014 the Company sold 500.000 shares of its subsidiary Deutsche Oel & Gas AG to its parent company Deutsche Oel & Gas KG. The sale proceeds consisted of 555,692 of the company's own A-shares which the parent company gave back to the Company and valued them at at €500,000,000 as well as 49,444,308 of the Company's own B-shares upon compilation of the share capital increase of 26 November 2014. This created a non-cash book profit of €499,500,000.	-	499,500,000
	<u>-</u>	<u>499,500,000</u>

**Deutsche Oel & Gas SA**  
*Société Anonyme*

**Annual Accounts**  
**As at 31 December 2016**

**R.C.S. Luxembourg : B179408**

**Registered Office**

45, Boulevard Prince Henri  
L-1724 LUXEMBOURG

**Deutsche Oel & Gas SA**  
*Société Anonyme*

**Table of Contents**  
**31 December 2016**

---

Report of the Directors	3
Report of the Réviseur d'Entreprises Agréé	4 - 5
Balance Sheet	6
Profit and Loss Account	7
Notes to the Annual Accounts	8 - 14

Deutsche Oel & Gas SA  
Société Anonyme  
45, Boulevard Prince Henri L-1724 LUXEMBOURG  
R.C.S. Luxembourg : B179408

Report of the Directors

For the year ended 31 December 2016

To the Shareholders of the Company

In accordance with our mandate as Directors of your Company and with the legal and statutory requirements, we present the Balance Sheet at 31 December 2016 and the Profit and Loss Account for the year then ended.

The profit brought forward is EUR 476,253,655. The result for the year is a profit of EUR 27,547. We propose that you appropriate EUR 1,377 to the Legal Reserve, to carry forward retained profits of EUR 476,279,825 and to approve the Balance Sheet and Profit and Loss Account as presented.

The authorised capital is EUR 1,500,000,000 and the subscribed capital is EUR 500,000,000 represented by 500,000,000 shares with a nominal value of EUR 1.00 each, divided into 121.435.692 A-shares, 219,564,308 B-shares, 10,000,000 C-shares, 125,000,000 D-shares and 24.000.000 E-shares of EUR 1.00 each and fully paid. 255,024 own B-shares have been sold during the financial year.

The Company did not acquire any additional own shares during the year under review.

The Company did not engage in any research and development activities during the year under review.

The Company did not have any branches during the year under review.

Luxembourg, 20/06/2017

  
\_\_\_\_\_  
Name  
Director





To the shareholders of  
**Deutsche Oel & Gas S.A.**  
45, Boulevard Prince Henri  
L-1724 Luxembourg

**REPORT OF THE REVISEUR D'ENTREPRISES AGREE**

We have audited the accompanying annual accounts of Deutsche Oel & Gas S.A., which comprise the balance sheet as at 31 December 2016 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Responsibility of the Board of Directors for the annual accounts*

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

*Responsibility of the réviseur d'entreprises agréé*

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain a reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the *réviseur d'entreprises agréé's* judgement, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the *réviseur d'entreprises agréé* considers internal control relevant to the entity's preparation and fair presentation of the annual accounts 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating 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 audit opinion.



**International Audit Services**  
**Cabinet de Révision Agréé**

*Opinion*

In our opinion, the annual accounts give a true and fair view of the financial position of Deutsche Oel & Gas S.A. as of 31 December 2016 and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Luxembourg, 20/06/2017

A handwritten signature in black ink, appearing to read 'Karl Horsburgh', is written over the printed name.

Karl Horsburgh  
Réviseur d'Entreprises Agréé  
International Audit Services S.à r.l.

# Deutsche Oel & Gas SA

*Société Anonyme*

## Abridged Balance Sheet as at 31 December 2016

	Note	2016 EUR	2015 EUR
<b>ASSETS</b>			
<b>C. Fixed Assets</b>		<b>1,784,863,401</b>	<b>1,659,136,633</b>
II. Tangible assets		60,767	-
III. Financial assets	3	1,784,802,634	1,659,136,633
<b>D. Current Assets</b>		<b>738,913</b>	<b>112,749,452</b>
II. Debtors	4	<b>692,662</b>	<b>112,434,911</b>
a) becoming due and payable within one year		-	112,434,911
b) becoming due and payable after more than one year		692,662	-
IV. Cash at bank and in hand		46,251	314,541
<b>E. Prepayments</b>	5	<b>33,554</b>	-
<b>TOTAL ASSETS</b>		<b><u>1,785,635,868</u></b>	<b><u>1,771,886,085</u></b>
<b>LIABILITIES</b>			
<b>A. Capital and reserves</b>		<b>1,768,075,893</b>	<b>1,770,837,288</b>
I. Subscribed Capital	6	500,000,000	500,000,000
II. Share premium account	7	530,058,312	24,951,000
III. Revaluation reserve	8	200,700,000	705,807,312
IV. Reserves	9	61,036,379	63,729,778
V. Profit brought forward	10	476,253,655	474,438,345
VI. Profit for the financial year	10	27,547	1,910,853
<b>B. Provisions</b>	11	<b>580,000</b>	<b>404,296</b>
<b>C. Creditors</b>	12	<b>16,979,975</b>	<b>644,501</b>
a) becoming due and payable within one year		5,023,476	644,501
b) becoming due and payable after more than one year		11,956,499	-
<b>TOTAL CAPITAL, RESERVES AND LIABILITIES</b>		<b><u>1,785,635,868</u></b>	<b><u>1,771,886,085</u></b>

The notes in the annex form an integral part of the annual accounts.

**Deutsche Oel & Gas SA**  
Société Anonyme

**Abridged Profit and Loss Account**  
**for the year ended 31 December 2016**

	Note	2016 EUR	2015 EUR
<b>ABRIDGED PROFIT AND LOSS ACCOUNT</b>			
<b>1 to 5 Gross profit or (loss)</b>		<b>944,046</b>	<b>1,936,514</b>
<b>6. Staff costs</b>		<b>(249,398)</b>	<b>(16,000)</b>
a) Wages and salaries		(249,398)	(16,000)
<b>8. Other operating expenses</b>	13	<b>(60,393)</b>	<b>(4,944)</b>
<b>14. Interest payable and similar expenses</b>		<b>(575,905)</b>	<b>(307)</b>
b) other interest and similar expenses		(575,905)	(307)
<b>15. Tax on profit or loss</b>		<b>(30,803)</b>	<b>(4,410)</b>
<b>16. Profit or (loss) after taxation</b>		<b>27,547</b>	<b>1,910,853</b>
<b>18. Profit for the financial year</b>		<b>27,547</b>	<b>1,910,853</b>

The notes in the annex form an integral part of the annual accounts.

# Deutsche Oel & Gas SA

*Société Anonyme*

## Notes to the abridged annual accounts

31 December 2016

---

### 1. GENERAL

Deutsche Oel & Gas SA (hereafter the "Company") was formed on 29 July 2013 as a Société Anonyme for an unlimited duration.

The registered office is established at 45, Boulevard Prince Henri, L-1724 LUXEMBOURG.

The Company's financial year begins on 1 January and ends on 31 December.

The object of the Company is the holding of participations, in any form whatsoever, in Luxembourg and foreign companies, or other business entities, the acquisition by purchase, subscription, or in any other manner as well as the transfer by sale, exchange or otherwise of stock, bonds, debentures, notes and other securities of any kind, and the ownership, administration, development and management of its portfolio. The Company may also hold interests in partnerships and carry out its business through branches in Luxembourg or abroad. Further, it may invest in the acquisition and management of a portfolio of trademarks or other intellectual property rights of any nature or origin.

The Company may borrow in any form and proceed to the issue of bonds and debentures.

The Company may grant assistance (by way of loans, advances, guarantees or securities or otherwise) to companies or other enterprises in which the Company has an interest or which forms part of the group of companies to which the Company belongs, take any controlling and supervisory measures and carry out any operation which it may deem useful in the accomplishment and development of its purposes.

The Company can perform all commercial, technical and financial or other operations, connected directly or indirectly in all areas in order to facilitate the accomplishment of its purpose.

The Company is exempt from preparing consolidated financial statements based on criteria defined by Luxembourg law. Consequently, these financial statements are presented on an unconsolidated basis.

The Company is defined as a small company under the law of 19 December 2002 as amended. Consequently, these annual accounts consist of an abridged Balance Sheet and an Full Profit and Loss Account as permitted by that law.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2 Basis of preparation

The annual accounts have been prepared in accordance with the Luxembourg legal and regulatory requirements following accounting principles generally accepted in Luxembourg. Accounting policies and valuation rules are, besides the ones laid down by the law of 19 December 2002 as amended, determined and applied by the Directors.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in the process of applying the accounting policies.

Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

# Deutsche Oel & Gas SA

Société Anonyme

## Notes to the abridged annual accounts

31 December 2016

---

### 2 Significant accounting policies

The main valuation rules applied by the Company are as follows:

#### **Financial fixed assets**

Shares in affiliated undertakings/participating interests/loans to these undertakings/securities held as fixed assets/other loans are valued at purchase price/nominal value (loans and claims) including the expenses incidental thereto, except for Deutsche Oel & Gas AG, Stuttgart which is at fair value.

In case of durable depreciation in value according to the opinion of the Directors, value adjustments are made in respect of fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date, except for Deutsche Oel & Gas AG, Stuttgart which is at fair value.

These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

#### **Debtors**

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

#### **Translation of foreign currencies**

The Company maintains its accounting records in EUR. All transactions expressed in currencies other than EUR are converted into EUR at the exchange rate ruling at the date of the transaction.

Formation costs as well as long-term assets expressed in currencies other than EUR are converted into EUR at rates of exchange ruling on the date of the transaction. At the date of the Balance Sheet, these remain at historic rates of exchange.

Cash and bank balances are converted at rates of exchange ruling at the date of the Balance Sheet. Profits or losses resulting from such conversion are shown on the Profit and Loss Account.

Other assets are individually converted and shown at the lower of cost or converted values. Liabilities are individually converted and shown at the higher of their nominal or converted values. Realised gains and all losses on exchange, whether realised or unrealised, are shown on the Profit and Loss Account.

Where there is an economic link between an asset and a liability, these are valued in total according to the method described above and the net unrealised loss is recorded in the Profit and Loss Account.

#### **Provisions**

Provisions for liabilities and charges are intended to cover losses or debts the nature of which is clearly defined and which, at the date of the balance sheet are either likely or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

#### **Value adjustments**

Value adjustments are deducted directly from the related asset.

#### **Turnover**

The net turnover comprises the amounts derived from the provision of services falling within the Company's ordinary activities, after deductions of sales rebates and of value added tax and other taxes directly linked to the turnover.

**Deutsche Oel & Gas SA**  
Société Anonyme

**Notes to the abridged annual accounts**

**31 December 2016**

**Creditors**

Creditors are recorded at their reimbursement value.

<b>3. FINANCIAL FIXED ASSETS</b>	<b>2016</b>	<b>2015</b>
	<b>EUR</b>	<b>EUR</b>
Global Oil & Gas Invest GMBHs, IX and XIII to XVIII	390,283,726	390,283,726
Furie Oil & Gas XII LLC	102,840,977	47,205,038
Deutsche Oel & Gas AG	1,255,587,284	1,182,888,530
Deutsche Oel & Gas I SA	7,750	-
Oel & Gas Invest GmbH SARL	12,500	-
Invenit Holding AG	100,000	-
Own shares or corporate units	35,970,397	38,759,339
	<b>1,784,802,634</b>	<b>1,659,136,633</b>

Enterprises in which the Company holds at least 20% of the capital, or in which it is a general partner, and the registered addresses	Capit al held %	which the last annual accounts are made up	The Company's share of net equity at the date of the annual accounts, in EUR	The Company's share of results of the last financial year, in EUR
Deutsche Oel & Gas AG Gerokstrasse 33, D-70184 STUTTGART	100%	31.12.2016	171,575,003	(7,691,264)
Deutsche Oel & Gas I SA, (formerly ELMAGO SA) 45, Boulevard Prince Henri L-1724 LUXEMBOURG	100%	31.12.2015	27,695	(3,305)
Oel & Gas Invest GmbH SARL 45, Boulevard Prince Henri, L-1724 LUXEMBOURG	100%	31.12.2016	8,190	(4,310)

The investment held in Global Oil & Gas Invest GmbHs IX and from XIII to XVIII as well as in Furie Oil & Gas XII LLC is in form of a silent partnership interest without voting rights.

Deutsche Oel & Gas SA has guaranteed the payment of future chartering costs by Furie Operating for the drilling vessel Randolph Jost amounting to €20.4 million. Furthermore, Deutsche Oel & Gas SA has also guaranteed the payment of the financial obligations of Deutsche Oel & Gas AG, Stuttgart up to an amount of €51.9 million.

<b>Movements</b>	<b>2016</b>	<b>2015</b>
	<b>EUR</b>	<b>EUR</b>
Own shares or corporate units		
Gross book value - opening balance	38,759,339	50,000,000
Disposals	(2,788,942)	(11,240,661)
	<b>35,970,397</b>	<b>38,759,339</b>
<b>Gross book value - closing balance</b>	<b>35,970,397</b>	<b>38,759,339</b>
<b>Net book value - closing balance</b>	<b>35,970,397</b>	<b>38,759,339</b>

**Deutsche Oel & Gas SA**  
Société Anonyme

**Notes to the abridged annual accounts**  
**31 December 2016**

**4. DEBTORS**

	<b>2016</b>	<b>2015</b>
	<b>EUR</b>	<b>EUR</b>
Debtors comprise:		
Receivable amount from Deutsche Oel & Gas AG	409,314	61,077,877
Receivable amount from Furie Petroleum LLC	-	51,302,192
Fiscal debtors		
Taxation advances	-	3,210
Value Added Tax recoverable	60,269	-
Other debtors		
Amounts due after one year	223,079	51,632
<b>Total debtors</b>	<b>692,662</b>	<b>112,434,911</b>

**5. PREPAYMENTS**

	<b>2016</b>	<b>2015</b>
	<b>EUR</b>	<b>EUR</b>
Prepayments and accrued income	33,554	-
<b>Total prepayments</b>	<b>33,554</b>	<b>-</b>

**6. SHARE CAPITAL**

The authorised capital is EUR 1,500,000,000 and the subscribed capital is EUR 500,000,000 represented by 500,000,000 shares with a nominal value of EUR 1.00 each, divided into 121.435.692 A-shares, 219,564,308 B-shares, 10,000,000 C-shares, 125,000,000 D-shares and 24.000.000 E-shares of EUR 1.00 each and fully paid. 255,024 own B-shares have been sold during the financial year.

	<b>2016</b>	<b>2015</b>
Number of shares in issue on 31 December	<b>500,000,000</b>	<b>500,000,000</b>
	<b>EUR</b>	<b>EUR</b>
Nominal value of shares in issue on 31 December	<b>500,000,000</b>	<b>500,000,000</b>

**7. SHARE PREMIUM AND SIMILAR PREMIUMS**

	<b>2016</b>	<b>2015</b>
	<b>EUR</b>	<b>EUR</b>
Balance at 1 January	24,951,000	-
Movements during the year	505,107,312	24,951,000
<b>Balance at 31 December</b>	<b>530,058,312</b>	<b>24,951,000</b>



**Deutsche Oel & Gas SA**  
Société Anonyme

**Notes to the abridged annual accounts**  
**31 December 2016**

<b>8. REVALUATION RESERVES</b>	<b>2016</b>	<b>2015</b>
	<b>EUR</b>	<b>EUR</b>
Revaluation Reserves on 1 January	705,807,312	200,700,000
Movements during the year	(505,107,312)	505,107,312
	<u>200,700,000</u>	<u>705,807,312</u>
<b>Revaluation Reserves on 31 December</b>	<b>200,700,000</b>	<b>705,807,312</b>
<b>9. RESERVES</b>	<b>2016</b>	<b>2015</b>
	<b>EUR</b>	<b>EUR</b>
<b>Legal Reserve</b>		
Legal Reserve at 1 January	24,970,439	-
Movements during the year	95,543	24,970,439
	<u>25,065,982</u>	<u>24,970,439</u>
<b>Legal Reserve at 31 December</b>	<b>25,065,982</b>	<b>24,970,439</b>
<p>Luxembourg companies are required by law to allocate at least 5% of their annual net profits to a legal reserve, until such time as the legal reserve reaches 10% of the issued share capital. This reserve is not available for distribution.</p>		
<b>Reserve for own shares or own corporate units</b>	<b>2016</b>	<b>2015</b>
	<b>EUR</b>	<b>EUR</b>
Reserve for own shares or own corporate units at 1 January	38,759,339	50,000,000
Movements during the year	(2,788,942)	(11,240,661)
	<u>35,970,397</u>	<u>38,759,339</u>
<b>Reserve for own shares or own corporate units at 31 December</b>	<b>35,970,397</b>	<b>38,759,339</b>
<b>Total reserves</b>	<b>61,036,379</b>	<b>63,729,778</b>
<b>10. RETAINED PROFIT</b>	<b>2016</b>	<b>2015</b>
	<b>EUR</b>	<b>EUR</b>
Profit brought forward at 1 January	476,349,198	499,408,784
Transfer to statutory reserves	(95,543)	(24,970,439)
	<u>476,253,655</u>	<u>474,438,345</u>
<b>Results for the year</b>	<b>27,547</b>	<b>1,910,853</b>
	<u>476,281,202</u>	<u>476,349,198</u>
<b>Profit carried forward at 31 December</b>	<b>476,281,202</b>	<b>476,349,198</b>

# Deutsche Oel & Gas SA

*Société Anonyme*

## Notes to the abridged annual accounts

**31 December 2016**

<b>11. PROVISIONS</b>	<b>2016 EUR</b>	<b>2015 EUR</b>
The provisions for liabilities and charges are as follows:		
Taxation	30,000	2,408
Other operating provisions mainly consist of Legal, Tax and Audit fees.	550,000	401,888
<b>Total provisions</b>	<b>580,000</b>	<b>404,296</b>
The provisions for taxation represent charges for tax, estimated by the Company, for which no assessments have been received. Any taxes paid in advance appear under "Other debtors".		
<b>12. CREDITORS</b>	<b>2016 EUR</b>	<b>2015 EUR</b>
Amounts due and payable are as follows:		
<b>Due within one year</b>		
Trade creditors	93,425	644,501
Other creditors		
Grosspeter Bond	4,061,931	-
Tax Credit Bond	868,120	-
<b>Total creditors due within one year</b>	<b>5,023,476</b>	<b>644,501</b>
<b>Due after five years</b>		
Amounts owed to Deutsche Oel & Gas I SA, Luxembourg an undertaking linked by virtue of participating interests	11,956,499	-
<b>Total creditors due after five years</b>	<b>11,956,499</b>	<b>-</b>
<b>Total creditors</b>	<b>16,979,975</b>	<b>644,501</b>
<b>13. OTHER OPERATING EXPENSES</b>	<b>2016 EUR</b>	<b>2015 EUR</b>
Trademarks and franchise	(60,393)	(4,944)
<b>Total other operating expenses</b>	<b>(60,393)</b>	<b>(4,944)</b>
<b>14. OTHER OPERATING INCOME</b>	<b>2016 EUR</b>	<b>2015 EUR</b>
Recharge of expenses	5,917,346	6,708,374
Deutsche Oel & Gas SA Management fees	1,335,000	1,355,609
	<b>7,252,346</b>	<b>8,063,983</b>

**Deutsche Oel & Gas SA**  
Société Anonyme

**Notes to the abridged annual accounts**

**31 December 2016**

<b>15. NUMBER OF EMPLOYEES</b>	<b>2016</b>	<b>2015</b>
Average number of employees in full-time employment during the year		
Employees	4	-
<b>Total employees</b>	<b>4</b>	<b>-</b>

<b>16. OFF-BALANCE SHEET COMMITMENTS</b>	<b>2016</b>	<b>2015</b>
	<b>EUR</b>	<b>EUR</b>
Gross Shareholder's Goodwill	9,802,857	10,400,000
Goodwill write off	(1,040,000)	(597,143)
Net Shareholder's Goodwill	8,762,857	9,802,857
<b>Total off Balance Sheet commitments</b>	<b>8,762,857</b>	<b>9,802,857</b>

**17. COMPARATIVE FIGURES**

Certain comparative figures have been restated to align with the layout imposed by current reporting requirements.

**18. SUBSEQUENT EVENTS**

It is expected that the B-Shares of the company will be listed on the Luxembourg Stock Exchange by the end of July 2017.

**Deutsche Oel & Gas SA**

*Société Anonyme*

**Interim Financial Statements**

**as at 30 June 2017**

**R.C.S. Luxembourg : B179408**

**Registered Office**

**45, Boulevard Prince Henri**

**L-1724 LUXEMBOURG**

**Table of Contents**

Report of the Directors	3
Balance Sheet	4
Profit and Loss Account	5
Notes to the Interim Financial Statements	6 - 11

**Report of the Directors**  
for the interim financial statements 30 June 2017

To the Shareholders of the Company

In accordance with our mandate as Directors of your Company and with the legal and statutory requirements, we present the Balance Sheet at 30 June 2017 and the Profit and Loss Account.

The profit brought forward is EUR 476,281,202. The result for the 6-months period is a profit of EUR 557,673.

The authorized capital is EUR 1,500,000,000 and the subscribed capital is EUR 500,000,000 represented by 500,000,000 shares with a nominal value of EUR 1.00 each, divided into 121,435,692 A-shares, 219,564,308 B-shares, 10,000,000 C-shares, 125,000,000 D-shares and 24,000,000 E-shares of EUR 1.00 each and fully paid. 796,778 own B-shares have been sold during the financial year.

The Company did not acquire any additional own shares during the year under review.

The Company did not engage in any research and development activities during the year under review.

The Company did not have any branches during the year under review.

Luxembourg, 8 September 2017



\_\_\_\_\_  
Name

Director

**Abridges Balance Sheet  
as at 30 June 2017**

	Note	30.06.2017 <u>EURO</u>	31.12.2016 <u>EURO</u>
<b>ASSETS</b>			
<b>C. Fixed Assets</b>		<b>1,784,068,473</b>	<b>1,784,863,401</b>
II. Tangible assets		62,617	60,767
III. Financial assets	3	1,784,005,856	1,784,802,634
<b>D. Current Assets</b>		<b>18,386,519</b>	<b>738,913</b>
II. Debtors		18,378,793	692,662
a) becoming due and payable within one year		0	0
b) becoming due and payable after more than one year		18,378,793	692,662
IV. Cash at bank and in hand		7,726	46,251
<b>E. Prepayments</b>		<b><u>31,704</u></b>	<b><u>33,554</u></b>
<b>TOTAL ASSETS</b>		<b><u>1,802,486,696</u></b>	<b><u>1,785,635,868</u></b>
<b>LIABILITIES</b>			
<b>A. Capital and reserves</b>		<b>1,781,497,089</b>	<b>1,768,075,893</b>
I. Subscribed Capital	4	500,000,000	500,000,000
II. Share premium account	5	543,718,613	530,058,312
III. Revaluation reserve	6	200,700,000	200,700,000
IV. Reserves	7	60,239,601	61,036,379
V. Profit brought forward	8	476,281,202	476,253,655
VI. Profit for the financial year	8	557,673	27,547
<b>B. Provisions</b>	9	<b>2,080,000</b>	<b>580,000</b>
<b>C. Creditors</b>	10	<b>18,909,607</b>	<b>16,979,975</b>
a) becoming due and payable within one year		6,564,520	5,023,476
b) becoming due and payable after more than one year		<u>12,345,087</u>	<u>11,956,499</u>
<b>TOTAL CAPITAL, RESERVES AND LIABILITIES</b>		<b><u>1,802,486,696</u></b>	<b><u>1,785,635,868</u></b>

The notes in the annex form an integral part of the annual accounts.

**Abridges Profit and Loss Account  
as at 30 June 2017**

	Note	30.06.2017	31.12.2016
		<u>EURO</u>	<u>EURO</u>
<b>ABRIDGED PROFIT AND LOSS ACCOUNT</b>			
<b>1 to 5 Gross profit or (loss)</b>		8,010,000	944,046
<b>6. Staff costs</b>		(137,168)	(249,398)
a) Wages and salaries		(137,168)	(249,398)
<b>8. Other operating expenses</b>		(6,891,358)	(60,393)
<b>14. Interest payable and similar expenses</b>		(420,486)	(575,905)
b) other interest and similar expenses		(420,486)	(575,905)
<b>15. Tax on profit or loss</b>		<u>(3,315)</u>	<u>(30,803)</u>
<b>16. Profit or (lose) after taxation</b>		<u>557,673</u>	<u>27,547</u>
<b>18. Profit for the financial year</b>		<u>557,673</u>	<u>27,547</u>

The notes in the annex form an integral part of the annual accounts.



---

## Notes to the abridges interim financial statements as at 30 June 2017

### 1. GENERAL

Deutsche Oel & Gas SA (hereafter the „Company“) was formed on 29 July 2013 as a Société Anonyme for an unlimited duration.

The registered office is established at 45, Boulevard Prince Henri, L-1724 LUXEMBOURG.

The Company's financial year begins on 1 January and ends on 31 December.

The object of the Company is the holding of participations, in any form whatsoever, in Luxembourg and foreign companies, or other business entities, the acquisition by purchase, subscription, or in any other manner as well as the transfer by sale, exchange or otherwise of stock, bonds, debentures, notes and other securities of any kind, and the ownership, administration, development and management of its portfolio. The Company may also hold interests in partnerships and carry out its business through branches in Luxembourg or abroad. Further, it may invest in the acquisition and management of a portfolio of trademarks or other intellectual property rights of any nature or origin.

The Company may borrow in any form and proceed to the issue of bonds and debentures.

The Company may grant assistance (by way of loans, advances, guarantees or securities or otherwise) to companies or other enterprises in which the Company has an interest or which forms part of the group of companies to which the Company belongs, take any controlling and supervisory measures and carry out any operation which it may deem useful in the accomplishment and development of its purposes.

The Company can perform all commercial, technical and financial or other operations, connected directly or indirectly in all areas in order to facilitate the accomplishment of its purpose.

The Company is exempt from preparing consolidated financial statements based on criteria defined by Luxembourg law. Consequently, these financial statements are presented on an unconsolidated basis.

The Company is defined as a small company under the law of 19 December 2002 as amended. Consequently, these annual accounts consist of an abridged Balance Sheet and an Full Profit and Loss Account as permitted by that law.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 1 Basis of preparation

The annual accounts have been prepared in accordance with the Luxembourg legal and regulatory requirements following accounting principles generally accepted in Luxembourg. Accounting policies and valuation rules are, besides the ones laid down by the law of 19 December 2002 as amended, determined and applied by the Directors.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in the process of applying the accounting policies.

Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements expectations of future events that are believed to be reasonable under the circumstances.

## **2 Significant accounting policies**

The main valuation rules applied by the Company are as follows:

### ***Financial fixed assets***

Shares in affiliated undertakings/participating interests/loans to these undertakings/securities held as fixed assets/other loans are valued at purchase price/nominal value (loans and claims) including the expenses incidental thereto, except for Deutsche Oel & Gas AG, Stuttgart which is at fair value.

In case of durable depreciation in value according to the opinion of the Directors, value adjustments are made in respect of fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date, except for Deutsche Oel & Gas AG, Stuttgart which is at fair value.

These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

### ***Debtors***

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

### ***Transiation of foreign currencies***

The Company maintains its accounting records in EUR. All transactions expressed in currencies other than EUR are converted into EUR at the exchange rate ruling at the date of the transaction.

Formation costs as well as long-term assets expressed in currencies other than EUR are converted into EUR at rates of exchange ruling on the date of the transaction. At the date of the Balance Sheet, these remain at historic rates of exchange.

Cash and bank balances are converted at rates of exchange ruling at the date of the Balance Sheet. Profits or losses resulting from such conversion are shown on the Profit and Loss Account.

Other assets are individually converted and shown at the lower of cost or converted values. Liabilities are individually converted and shown at the higher of their nominal or converted values. Realised gains and all losses on exchange, whether realised or unrealised, are shown on the Profit and Loss Account.

Where there is an economic link between an asset and a liability, these are valued in total according to the method described above and the net unrealised loss is recorded in the Profit and Loss Account.

***Provisions***

Provisions for liabilities and charges are intended to cover losses or debts the nature of which is clearly defined and which, at the date of the Balance Sheet are either likely or certain to be incurred but uncertain as to their amount or as to the date on which they will arise.

***Value adjustments***

Value adjustments are deducted directly from the related asset.

***Turnover***

The net turnover comprises the amounts derived from the provision of services falling within the Company's ordinary activities, after deductions of sales rebates and of value added tax and other taxes directly linked to the turnover.

***Creditors***

Creditors are recorded at their reimbursement value.

### 3. FINANCIAL FIXED ASSETS

	30.06.2017	31.12.2016
	<u>EURO</u>	<u>EURO</u>
Global Oil & Gas Invest GmbHs, IX and XIII to XVIII	390,283,726	390,283,726
Furie Oil & Gas XII LLC	102,840,977	102,840,977
Deutsche Oel & Gas AG	1,255,587,284	1,255,587,284
Deutsche Oel & Gas I SA	7,750	7,750
Oel & Gas Invest GmbH SARL	12,500	12,500
Invenit Holding AG	100,000	100,000
Own shares or corporate units	<u>35,173,619</u>	<u>35,970,397</u>
	<u>1,784,005,856</u>	<u>1,784,802,634</u>

Enterprises in which the Company holds at least 20% of the capital, or in which it is a general partner, and the registered addresses	Capital held %	which the last annual accounts are made up	The Company's share of net equity at the date of the annual accounts, in EURO	The Company's share of results of the last financial year, in EURO
1. Deutsche Oel & Gas AG Gerokstrasse 33, D-70184 STUTTGART	100 %	31.12.2016	171,575,003	(7,691,264)
2. Deutsche Oel & Gas I SA, (formerly ELMAGO SA) 45, Boulevard Prince Henri L-1724 LUXEMBOURG	100 %	31.12.2015	27,695	(3,305)
3. Oel & Gas Invest GmbH SARL 45, Boulevard Prince Henri, L-1724 LUXEMBOURG	100 %	31.12.2016	8,190	(4,310)

The investment held in Global Oil & Gas Invest GmbHs IX and from XIII to XVIII as well as in Furie Oil & Gas XII LLC is in form of a silent partnership interest without voting rights.

Deutsche Oel & Gas SA has guaranteed the payment of future chartering costs by Furie Operating for the drilling vessel Randolph Jost amounting to EUR 20.4 million. Furthermore, Deutsche Oel & Gas SA has also guaranteed the payment of the financial obligations of Deutsche Oel & Gas AG, Stuttgart up to an amount of EUR 51.9 million.

<b>Movements</b>	30.06.2017	31.12.2016
	<u>EURO</u>	<u>EURO</u>
Own shares or corporate units	<u>35,173,619</u>	<u>35,970,397</u>

#### 4. SHARE CAPITAL

The authorised capital is EUR 1,500,000,000 and the subscribed capital is EUR 500,000,000 represented by 500,000,000 shares with a nominal value of EUR 1.00 each, divided into 121,435,692 A-shares, 219,564,308 B-shares, 10,000,000 C-shares, 125,000,000 D-shares and 24,000,000 E-shares of EUR 1.00 each and fully paid. 796,778 own B-shares have been sold during the first 6 months of the financial year.

	30.06.2017	31.12.2016
	EURO	EURO
Number of shares in issue on 30 June/31 December	<u>500,000,000</u>	<u>500,000,000</u>
	EURO	EURO
Nominal value of shares in issue on 30 June/31 December	<u>500,000,000</u>	<u>500,000,000</u>

#### 5. SHARE PREMIUM AND SIMILAR PREMIUMS

	2017	2016
	EURO	EURO
Balance at 1 January	530,058,312	24,951,000
Movements during the year	<u>13,660,301</u>	<u>505,107,312</u>
<b>Balance at 30 June/31 December</b>	<b><u>543,718,613</u></b>	<b><u>530,058,312</u></b>

#### 6. REVALUATION RESERVES

	2017	2016
	EURO	EURO
Revaluation Reserves on 1 January	200,700	705,807,312
Movements during the year	<u>0</u>	<u>(505,107,312)</u>
<b>Revaluation Reserves on 30 June/31 December</b>	<b><u>200,700,000</u></b>	<b><u>200,700,000</u></b>

#### 7. RESERVES

<b>Legal Reserve</b>	2017	2016
	EURO	EURO
Legal Reserve at 1 January	25,065,982	24,970,439
Movements during the year	<u>0</u>	<u>95,543</u>
<b>Legal Reserve at 30 June/31 December</b>	<b><u>25,065,982</u></b>	<b><u>25,065,982</u></b>

<b>Reserve for own shares or own corporate units</b>	2017	2016
	EURO	EURO
Reserve for own shares or own corporate units at 1 January	35,970,397	38,759,339
Movements during the year	<u>(796,778)</u>	<u>(2,788,942)</u>
<b>Reserve for own shares or own corporate units at 30 June/31 December</b>	<b><u>35,173,619</u></b>	<b><u>35,970,397</u></b>
<b>Total reserves</b>	<b><u>60,239,601</u></b>	<b><u>61,036,379</u></b>

**8. RETAINED PROFIT**

	2017	2016
	<u>EURO</u>	<u>EURO</u>
Profit brought forward at 1 January	476,281,202	476,349,198
Transfer to statutory reserves	<u>0</u>	<u>(95,543)</u>
	476,281,202	476,253,655
Results for the 6-months period/year	<u>557,673</u>	<u>1,910,853</u>
<b>Profit carried forward at 30 June/31 December</b>	<b><u>476,838,875</u></b>	<b><u>476,281,202</u></b>

**9. PROVISIONS**

	30.06.2017	31.12.2016
	<u>EURO</u>	<u>EURO</u>
The Provisions for liabilities and Charges are as follows:		
Taxation	30,000	30,000
Other operating provisions mainly consist of Legal, Tax and Audit fees.	<u>2,050,000</u>	<u>550,000</u>
<b>Total provisions</b>	<b><u>2,080,000</u></b>	<b><u>580,000</u></b>

The provisions for taxation represent charges for tax, estimated by the Company, for which no assessments have been received. Any taxes paid in advance appear under "Other debtors".

**10. CREDITORS**

	30.06.2017	31.12.2016
	<u>EURO</u>	<u>EURO</u>
Amounts due and payable are as follows:		
<b>Due within one year</b>		
Trade creditors	1,474,499	93,425
Other creditors		
Grosspeter Bond	4,193,943	4,061,931
Tax Credit Bond	<u>893,078</u>	<u>868,120</u>
<b>Total creditors due within one year</b>	<b><u>6,564,520</u></b>	<b><u>5,023,476</u></b>
<b>Due after five years</b>		
Amounts owed to Deutsche Oel & Gas I SA, Luxembourg an undertaking linked by virtue of participating interests	<u>12,345,087</u>	<u>11,956,499</u>
<b>Total creditors due after five years</b>	<b><u>12,345,087</u></b>	<b><u>11,956,499</u></b>
<b>Total creditors</b>	<b><u>18,909,607</u></b>	<b><u>16,979,975</u></b>

