**Dynex Energy S.A.**
*Société Anonyme*
Registered office: 75 Parc d'Activités
L-8308 Capellen
Luxembourg
R.C.S. LUXEMBOURG: B164435
(the « **Company** »)

## REPORT OF THE BOARD OF DIRECTORS TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

The undersigned,

- Mr Christian Kruppa, director,
- Mrs Sobia Khan, director,
- Mrs Shima Lamba, director,

being all the members of the board of directors of the Company, hereinafter referred to as the « **Board** », submit to the annual general meeting of the Company the Company's annual accounts as at 31/12/2017.

The Company's annual accounts are expressed in Euro (EUR).

The total of the balance sheet amounts to EUR 253,332.40 and the Company has made a Loss of EUR 90,941.22.

We suggest that you *(i)* approve the Company's annual accounts (i.e. the balance sheet, the profit and loss account and the accompanying notes) in the form submitted to you and *(ii)* allocate the result for the financial year ended on 31/12/2017 as follows:

| | | |
|---|---|---|
| **Result brought forward as at 31/12/2017** | **EUR** | **-372,946.57** |
| **Result for the financial year** | **EUR** | **-90,941.22** |
| **Result to be carried forward to the following year** | **EUR** | **-463,887.79** |

Please note that as a result of losses, net assets of the Company as at 31/12/2017 fall below one quarter of the corporate capital of the Company. Consequently, you are kindly requested to decide on the continuation of the activities of the Company in accordance with article 480-2 of the law of August 10, 1915 concerning commercial companies, as amended.

We are pleased to give you an indication on the following items:

a) ***existence of branches / subsidiaries :***
The Company owns two subsidiaries as follows:

- o Dynex Energy Holdings, Inc. (Delaware)
- o Encore Ressources S.à r.l. (Morocco)

**b) review of the development of the Company's business :**
The Company's business is developing as planned. With a slowly recovering oil price the company intends to intensify its O&G activities again.

***c) important events that have occurred since the beginning of the financial year:***
In February management decided for the company to participate in the drilling of a new well, Jeter 27-3 which is a west offset location of the Jeter 27-1 well and will result in the extension of the 160ac lease (SW/4 Sec. 27).

***d) Company's likely future development:***
After the completion of the above mentioned well the company plans to participate in a recompletion of the Jeter 27-1 well.

***e) activities in the field of research and development :***
No particular activity in the field of research and development is predicted nor in process.

***f) acquisition of own shares by the Company :***
The Company has not acquired own shares.

As a result of the above, we recommend approving the annual accounts as presented by the Board.

Capellen, on 30 May 2018

The Board of Directors,

Mr Christian Kruppa

Mrs Sobia Khan

Shima Lamba

Mrs Shima Lamba

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(the « **Company** »)

**CIRCULAR RESOLUTIONS OF THE BOARD OF DIRECTORS OF THE COMPANY TAKEN ON 30 MAY 2018**

The board of directors of the Company is composed by the following members:

- Mr Christian Kruppa, director,
- Mrs Sobia Khan, director,
- Mrs Shima Lamba, director,

**Declaration**

1) Each director of the company notes that circular resolutions can be validly taken by the Board in conformity with the articles of association of the Company.

2) Each director of the Company notes that these resolutions shall have the same effect and validity as resolutions voted at the directors' meeting, duly convened.

The Board hereby confirms to have been provided with the following documents, hereinafter referred to as the « **Documents** », which will remain attached to these resolutions:

– draft of the Company's annual accounts (i.e. the balance sheet, the profit and loss account and the accompanying notes) as at 31/12/2017;
– the *report of the board of directors to the annual general meeting of shareholders*.

The latest version of the Documents as well as all necessary information in relation thereto have been sent to or are known by the Board who has carefully considered such information and reviewed such Documents and is familiar with their contents.

**Whereas**, each director confirms that he has no opposite interest in the matters referred to in the present resolutions.

**Whereas**, the directors are in opinion that the matters referred therein:

a) Are in compliance with the articles of association and the applicable legal provisions;
b) Would not result in any breach of any restriction imposed by law, the articles of association or any agreement to which the Company is a party or by which the Company is bound; and,

c) Would materially benefit the Company and would for the purpose of carrying on its business.

Now by virtue of the powers conferred upon them by the articles of association, the Board unanimously adopts the following resolutions:

**First** **Resolution**

The Board decides to approve the Company's annual accounts (i.e. the balance sheet, the profit and loss account and the accompanying notes) as at 31/12/2017, which will be submitted to the shareholders of the Company.

The total of the balance sheet amounts to EUR 253,332.40 and the Company has made a Loss of EUR 90,941.22.

**Second** **Resolution**

The Board suggests allocating the result for the financial year ended on 31/12/2017, as follows:

| | | |
|---|---|---|
| **Result brought forward as at 31/12/2017** | **EUR** | **-372,946.57** |
| **Result for the financial year** | **EUR** | **-90,941.22** |
| **Result to be carried forward to the following year** | **EUR** | **-463,887.79** |

**Third** **Resolution**

Please note that as a result of losses, net assets of the Company as at 31/12/2017 fall below one quarter of the corporate capital of the Company. Consequently, you are kindly requested to decide on the continuation of the activities of the Company in accordance with article 480-2 of the law of August 10, 1915 concerning commercial companies, as amended.

**Fourth** **Resolution**

The Board decides to approve the *report of the board of directors to the annual general meeting of shareholders*, which will be submitted to the annual general meeting of shareholders of the Company.

**Fifth** **Resolution**

The Board proposes to the annual general meeting of shareholders of the Company to grant full discharge of liability (*quitus*) to the members of the Board and to the statutory auditor of the Company concerning the execution of their mandates for the financial year ended on 31/12/2017.

**Sixth** **Resolution**

The Board decides to convene the shareholders of the Company to the annual general meeting of shareholders of the Company to be held at the registered office of the Company located at 75 Parc d'Activités, L-8308 Capellen, Luxembourg, on 25/06/2018 at 10:00 am in order to take the appropriate resolutions with respect to the following agenda:

- approval of the date of the annual general meeting of shareholders of the Company notwithstanding the statutory date ;
- presentation and approval of the report established by the board of directors of the Company concerning among other things the Company's annual accounts as at 31/12/2017;
- presentation and approval of the report established by the statutory auditor of the Company concerning the Company's annual accounts as at 31/12/2017;
- presentation and approval of the Company's annual accounts as at 31/12/2017;
- allocation of the result ;
- decision to be taken, in accordance with article 480-2 of the law of August 10, 1915 concerning commercial companies, as amended, on the continuation of the activities of the Company ;
- full discharge of liability (*quitus*) to be granted to the members of the board of directors of the Company and to the statutory auditor of the Company for the execution of their mandates for the financial year ended on 31/12/2017;
- powers to be granted ;
- miscellaneous.

[SIGNATURE PAGE FOLLOWS]

These resolutions taken by the Board shall be signed by all the managers on the same document or on different counterparts which together will form the written documents duly executed giving evidence of the resolutions of the directors of the Company taken on 30 May 2018.

Mr Christian Kruppa

Mrs Sobia Khan

Mrs Shima Lamba

Trident Trust Company (Luxembourg) S.A.
Vega Center, Parc d'activités, 75
L-8308 Capellen
G.-D. Luxembourg
T: +352 26 30 28 48
E:

luxembourg@tridenttrust.com

www.tridenttrust.com

# MANDATE – ACCOUNTS PUBLICATION AND TAX RETURN

I, undersigned, **Mr Christian Kruppa**

Acting as the Promoter or the Manager of the Company **Dynex Energy S.A.**

Declare that I have received, analysed and requested all necessary information about the project of accounts for the fiscal year 2017 and its annexes.

Appoint Trident Trust Company (Luxembourg) S.A. to publish these accounts as prepared and submit the Tax return accordingly under my responsibility.

Give full release to Trident Trust Company (Luxembourg) S.A. in the frame of its missions of management services, accountancy, taxation, domiciliation, and administration for any operations and acts realized or undertaken during the said fiscal year.

Declare having informed all Parties of the Company about the activities realized by the Company and the General Conditions of Trident Trust Company (Luxembourg) S.A.

Confirm to Trident Trust Company (Luxembourg) S.A. that the beneficial owner of the Company has not changed since the last update.

Date : 28.05.18,

Signature



#VPW:LXF.3253#

**Dynex Energy S.A.**
***Société anonyme (public company limited by shares)***
**Registered office : L-8308 Capellen, 75, Parc d'Activités**
**R.C.S. Luxembourg B 164435**
**(the « Company »)**

The shareholders are invited to attend the annual general meeting of shareholders of the Company that will be held on 25 June 2018 at 10:30 am at the registered office of the Company with the following agenda:

- approval of the date of the annual general meeting of shareholders of the Company notwithstanding the statutory date ;
- presentation and approval of the report established by the board of directors of the Company concerning among other things the Company's annual accounts as at 31/12/2017;
- presentation and approval of the report established by the statutory auditor of the Company concerning the Company's annual accounts as at 31/12/2017;
- presentation and approval of the Company's annual accounts as at 31/12/2017;
- allocation of the result ;
- decision to be taken, in accordance with article 480-2 of the law of August 10, 1915 concerning commercial companies, as amended, on the continuation of the activities of the Company ;
- full discharge of liability (*quitus*) to be granted to the members of the board of directors of the Company and to the statutory auditor of the Company for the execution of their mandates for the financial year ended on 31/12/2017;
- powers to be granted ;
- miscellaneous.

The board of directors

**Dynex Energy S.A.**
75, Parc d'Activités
L-8308 Capellen
R.C.S. B164435

INTERNATIONAL AUDIT SERVICES S.à r.l.
14 rue Edward Steichen
L-2540 Luxembourg

Luxembourg, 30 May 2018

Dear Sirs,

This representation letter is provided to you in connection with your audit of the annual accounts of Dynex Energy S.A. (the "Company") for the year ended 31 December 2017 for the purpose of expressing an opinion as to whether the annual accounts give a true and fair view in accordance with the Luxembourg legal and regulatory requirements.

1. We confirm that to the best of our knowledge and belief and having made appropriate inquiries as we considered necessary for the purpose of appropriately informing ourselves, the following statements, are true and correct.

**RESPONSIBILITY FOR ACCOUNTS**

2. We acknowledge as Management our responsibility for making accurate representations to you and for the accounts which you have audited for the Company. We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated 19 April 2016, for the preparation of the annual accounts in accordance with the Luxembourg legal and regulatory requirements; in particular the Annual Accounts give a true and fair view in accordance therewith.

3. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

4. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the Luxembourg legal and regulatory requirements.

**INFORMATION PROVIDED**

5. We have communicated to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
   - management;
   - employees who have significant roles in internal controls; or
   - others where the fraud could have a material effect on the annual accounts

6. We have communicated to you all information – known by us - in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

7. We confirm that no transaction and no financial resources in relation with the Company are related to money laundering.

8. We have communicated to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

9. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

10. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

11. There are no material transactions that have not been properly recorded in the accounting records underlying the annual accounts.

## ASSETS

General

12. All assets included in the annual accounts were at that date in existence and owned by the Company and were free from any lien, encumbrance or charge.

Current Assets

13. On realisation in the ordinary course of the Company's business, the current assets shown on the annual accounts are expected to produce at least the amounts at which they are stated. In particular, adequate provision has been made against all amounts owing to the Company which are known or may be expected to be irrecoverable.

14. We are not aware of any circumstances which have occurred since the annual accounts sheet date which could cast doubt on the collectability of any debtors which have not been fully provided for.

## LIABILITIES

General

15. All liabilities have been taken up in the books of account underlying the annual accounts. In particular, we confirm that we do not anticipate that any further amounts will be charged to the Company in respect of services provided to it by its parent and associated companies or supported by these entities.

Commitments and losses

16. Full provision has been made for all commitments and other events which will have occurred by the annual accounts sheet date and which are now expected to result in significant loss.

17. The Company has no other commitments.

Contingent liabilities

18. All contingent liabilities have been appropriately disclosed in the accounts. Appropriate provision has been made for any losses expected to arise on the crystallisation of these contingent liabilities.

19. No claims in connection with litigation have been or are expected to be received.

20. We have no plans or intentions that may materially affect the book value of any assets or liabilities.

Capital

21. There were no capital stock repurchase options and agreements, and capital stock reserved for options, warrants, conversions and other requirements.

**Dynex Energy S.A.**
75, Parc d'Activités
L-8308 Capellen
R.C.S. B164435

Profit and Loss Account

22. Except as disclosed in the annual accounts, the results of the year were not materially affected by

(a) transactions of a kind not usually undertaken by the Company

(b) circumstances of an exceptional or non-recurring nature

(c) charges or credits relating to prior years

(d) any changes in the basis of accounting for, valuation of or recognition of, the transactions and balances underlying the annual accounts.

23. We approved the annual accounts as at 31 December 2017 and the profit and loss for the year then ended and a summary of significant accounting policies and other explanatory information.

**EVENTS SUBSEQUENT TO THE BALANCE SHEET**

24. All events subsequent to the date of the annual accounts and for which the Luxembourg legal and regulatory requirements require adjustment or disclosure have been adjusted or disclosed.

25. No claims in connection with litigation have been or are expected to be received.

26. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts. We have no line of credit arrangements.

For **Dynex Energy S.A.**

Director
Name CHRISTIAN KRUPPA

Director
Name SOBIA KHAN.

# Dynex Energy S.A.

Public Limited Company

75 Parc d'Activités - L-8308 Capellen

R.C.S. Luxembourg : B164435

# Notes to the Annual Accounts
# 31/12/2017

# Dynex Energy S.A.

Public Limited Company

75 Parc d'Activités - L-8308 Capellen

Trade & Companies Register number: B164435

## NOTE 1: General information

### NOTE 1.1: General presentation

Dynex Energy S.A. (hereafter 'the Company') was incorporated on 25 October 2011 and organised under the laws of Luxembourg as a Société Anonyme for an unlimited period.

The registered office of the Company is located in Capellen (Luxembourg).

The main activity of the Company is the acquisition of participations involved in the acquisition and development of oil and gas properties in the United States for the production of crude oil and natural gas and in mining of copper and silver ore in Morocco.

### NOTE 1.2: Financial year

The financial year starts on 1 January and ends on 31 December of each year.

### NOTE 1.3: Consolidated accounts

The Company is exempted to draw up consolidated accounts as per art. 1711-4 of the amended law of 10 August 1915.

The Company is defined as a small company under the law of 10 August 2016 as amended. Consequently, these annual accounts consist of an abridged Balance Sheet and an abridged Profit and Loss Accounts as permitted by that law.

## NOTE 2: Summary of significant accounting policies

### Note 2.1: Basis of preparation

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements. Accounting policies and valuation rules are, besides the ones laid down by the Law of 10 August 2016 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.

### Note 2.2: Significant accounting policies

#### Formation expenses

Formation expenses are written off on the straight line basis over a period of 5 years.

#### Financial fixed assets

Valuation under the net equity method :

Shares in affiliated undertakings/participating interests held in the capital of undertakings of which they exercise significant influence over the operating and financial policies are valued at the amount corresponding to the proportion of the capital and reserves represented by the participating interest. The value adjustments are directly recorded in equity under revaluation reserves.

#### 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.

#### Foreign currency translation

Transactions expressed in currencies other than Euro are translated into Euro at the exchange rate effective at the time of the first day of the month of the transaction. Long term assets expressed in currencies other than Euro are translated into Euro at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain translated at historic rates.

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.

Other assets and liabilities are translated separately respectively at the lower or at the higher of the value converted at the historic exchange rates effective at the balance sheet date. The unrealised exchange losses are recorded in the profit and loss account. The realized exchange gains and losses are recorded in the profit and loss account at the moment of their realisation.

#### Debts

Liabilities are recorded at their redemption value.

**Taxation**

The Company is subject to the applicable general tax regulations in Luxembourg applicable to all companies.

## NOTE 3: Formation expenses

The movements of the year are as follows:

| | 2017 (EUR) | 2016 (EUR) |
|---|---|---|
| Gross book value – opening balance | 45,615.00 | 45,615.00 |
| *Movements for the year* | 0.00 | 0.00 |
| Gross book value – closing balance | 45,615.00 | 45,615.00 |
| Depreciation – opening balance | 36,007.00 | 31,684.00 |
| *Movements for the year* | 5,608.00 | 8,323.00 |
| Depreciation – closing balance | 45,615.00 | 36,007.00 |
| **Net book value – opening balance** | 5,608.00 | 13,931.00 |
| **Net book value – closing balance** | 0.00 | 5,608.00 |

## NOTE 4: Financial assets

Undertakings in which the Company holds at least 20% in their share capital or in which it is a general partner are as follows:

| Undertaking's name (legal form) | Registered office | Ownership (%) | Financial data as at | Share capital and reserves including profit or loss for the year | Profit or loss of the financial year |
|---|---|---|---|---|---|
| Dynex Energy Holdings Inc | 1675 S State St Ste B – Dover, Kent – DE 19901 Delaware - USA | 100.00 | 31/12/2017 | 254,661.00 USD | 61,823.00 USD |
| Encore Resources Sàrl | Box 08 N.09 Bis Bd Omar El Mokhtar Cite Al Massira Agadir - Morocco | 100.00 | 31/12/2017 | -2,603,345.18 MAD | -782,866.00 MAD |

The Management estimates there is a durable reason on booking an adjustment on both participations.

## NOTE 5: Debtors

The debtors consist of debts towards the Luxembourg tax authorities.

## NOTE 6: Capital and reserves

### NOTE 6.1: Subscribed capital

The share capital amounts to EUR 28,642,666.00 and is represented by 14,321,333 fully paid-up shares with nominal value per unit of EUR 2.00.

The movements for the year are as follows:

| | 2017 (EUR) | 2016 (EUR) |
|---|---|---|
| Subscribed capital – opening balance | 28,642,666.00 | 28,642,666.00 |
| *Movements for the year* | 0.00 | 0.00 |
| Subscribed capital – closing balance | 28,642,666.00 | 28,642,666.00 |

## NOTE 6.2: Share premium

The movements for the year are as follows:

| | 2017 (EUR) | 2016 (EUR) |
|---|---|---|
| Share premium – opening balance | 443,346,934.00 | 443,346,934.00 |
| *Movements for the year* | 0.00 | 0.00 |
| Share premium – closing balance | 443,346,934.00 | 443 346 934.00 |

## NOTE 6.3: Revaluation reserves

The movements for the year are as follows:

| | Opening balance (EUR) | Movements (EUR) | Closing balance (EUR) |
|---|---|---|---|
| Revaluation reserve – Dynex Energy Holdings Inc. | - 471,717,169.30 | - 28,089.33 | - 471,745,258.63 |
| Revaluation reserve – Encore Resources S.à r.l. | - 19,999,999.00 | - | - 19,999,999.00 |
| **Total** | **- 491,717,168.30** | **- 28,089.33** | **- 491,745,257.63** |

## NOTE 6.4: Legal reserve

Under Luxembourg Law, an amount equal to at least 5% of the annual net income must be allocated to a legal reserve until such reserve equals 10% of the subscribed capital. This reserve is not available for distribution. As the company has accumulated losses, no allocation to legal reserve has been made to date.

## NOTE 6.5: Movements for the year on the reserves and profit/loss items

The movements for the year are as follows:

| | 2017 (EUR) | 2016 (EUR) |
|---|---|---|
| **Profit or loss brought forward from earlier periods** | EUR -297,462.94 | EUR -238,831.38 |
| **Profit or loss from the previous year** | EUR -75,483.63 | EUR -58,631.56 |
| | EUR -372,946.57 | EUR -297,462.94 |
| | | |
| **Profit or loss brought forward** | **EUR -372,946.57** | **EUR -297,462.94** |
| **Current year profit or loss** | **EUR -90,941.22** | **EUR -75,483.63** |

## NOTE 7: Creditors

The creditors are as follows:

| | Within one year (EUR) | After one year and within five years (EUR) | After more than five years (EUR) | Total 2017 | Total 2016 |
|---|---|---|---|---|---|
| Debts on purchases and provisions of services | 44,098.88 | 0.00 | 0.00 | **44,098.88** | **26,108.31** |
| Other creditors | 0.00 | 0.00 | 20,428,778.94 | **20,428,778.94** | **20,337,381.24** |
| **Total** | **44,098.88** | **0.00** | **20,428,778.94** | **20,472,877.82** | **20,363,489.55** |

The detail of "Other creditors" is as follow:

- EUR 20,000,000.00 is related to the shareholder's loan;
- EUR 292,014.74 is related to the shareholder's current account;
- EUR 136,764.20 is related to Dynex Petroleum LP's current account.

## NOTE 8: Transactions with related parties

The loans amounting to EUR 20,428,778.94 are interest free. They have not been done at arm's length.

## NOTE 9: Staff

The Company had no staff during the financial year, and the prior one.

## NOTE 10: Advances and loans granted to the members of the administrative, managerial and supervisory bodies

The members of the administrative, managerial and supervisory bodies have not received any advance and any loan during the financial year.
There were no commitments made by the Company to members of these bodies during the financial year.

## NOTE 11: Off balance sheet commitments

The Company does not have off-balance-sheet commitments to report at the end of the financial year.

## NOTE 12: Subsequent events

No specific events occurred after the end of the financial year.

**Values EUR**

| | Note | 2017<br>2017 | 2016<br>2016 |
|---|---|---|---|
| **A Subscribed capital unpaid** | AA | | |
| I. Subscribed capital not called | AAI | | |
| II. Subscribed capital called but not paid | AAII | | |
| **B. Formation expenses** | AB | | **5,608.00** |
| 2010000 Set-up costs | AB | 4,000.00 | 4,000.00 |
| 2010009 Depreciation on set-up costs | AB | (4,000.00) | (4,000.00) |
| 2080000 Other similar expenses | AB | 41,615.00 | 41,615.00 |
| 2080009 Depreciation on others set-up costs | AB | (41,615.00) | (36,007.00) |
| **C. Fixed assets** | AC | **212,342.37** | **240,431.70** |
| I. Intangible assets | ACI | | |
| 1. Costs of development | ACI1 | | |
| 2. Concessions, patents, licences, trade marks and similar rights and assets if they were | ACI2 | | |
| a) acquired for valuable consideration and need not be shown under C I-3 | ACI2a | | |
| b) created by the undertaking itself | ACI2b | | |
| 3. Goodwill, to the extent that it was acquired for valuable consideration | ACI3 | | |
| 4. Payments on account and intangible assets under development | ACI4 | | |
| II. Tangible assets | ACII | | |
| 1. Land and buildings | ACII1 | | |
| 2. Plant and machinery | ACII2 | | |
| 3. Other fixtures and fittings, tools and equipment | ACII3 | | |
| 4. Payments on account and tangible assets in the course of construction | ACII4 | | |
| III. Financial assets | ACIII | 212,342.37 | 240,431.70 |
| 1. Shares in affiliated undertakings | ACIII1 | 212,342.37 | 240,431.70 |
| 2310001 Dynex Energy Holdings Inc. - 100% | ACIII1 | 471,957,600.00 | 471,957,600.00 |
| 2310002 Fair value adjust. on Dynex Energy Hold. | ACIII1 | (471,745,258.63) | (471,717,169.30) |
| 2310003 Encore Resources Sàrl - 100% | ACIII1 | 20,000,000.00 | 20,000,000.00 |
| 2310004 Fair value adjust. on Encore Resources | ACIII1 | (19,999,999.00) | (19,999,999.00) |
| 2. Loans to affiliated undertakings | ACIII2 | | |
| 3. Participating interests | ACIII3 | | |
| 4. Loans to undertakings with which the undertaking is linked by virtue of participating interests | ACIII4 | | |
| 5. Investments held as fixed assets | ACIII5 | | |
| 6. Other loans | ACIII6 | | |
| **D. Current Assets** | AD | **40,990.03** | **16,934.98** |
| I. Stocks | ADI | | |
| 1. Raw materials and consumables | ADI1 | | |
| 2. Work in progress | ADI2 | | |
| 3. Finished goods and goods for resale | ADI3 | | |
| 4. Payments on account | ADI4 | | |
| II. Debtors | ADII | 5,330.00 | 4,750.30 |
| 1. Trade debtors | ADII1 | | |
| a) becoming due and payable after less than one year | ADII1a | | |
| b) becoming due and payable after more than one year | ADII1b | | |
| 2. Amounts owed by affiliated undertakings | ADII2 | | |
| a) becoming due and payable after less than one year | ADII2a | | |
| b) becoming due and payable after more than one year | ADII2b | | |
| 3. Amounts owed by undertakings with which the undertakings is linked by virtue of participating | ADII3 | | |
| a) becoming due and payable after less than one year | ADII3a | | |
| b) becoming due and payable after more than one year | ADII3b | | |
| 4. Other debtors | ADII4 | 5,330.00 | 4,750.30 |
| a) becoming due and payable after less than one year | ADII4a | 5,330.00 | 4,750.30 |
| 4214002 CIT 2015 to recover | ADII4a | | 2,694.20 |
| 4214004 NWT 01.01.2016 | ADII4a | | 2,056.10 |
| 4214005 NWT 2017 to recover | ADII4a | 4,280.00 | |

**Values EUR**

| | Note | 2017<br>2017 | 2016<br>2016 |
|---|---|---|---|
| 4214006 CIT 2017 to recover | ADII4a | 1,050.00 | |
| b) becoming due and payable after more than one year | ADII4b | | |
| III. Investments | ADIII | | |
| 1. Shares in affiliated undertakings | ADIII1 | | |
| 2. Own shares | ADIII2 | | |
| 3. Other investments | ADIII3 | | |
| IV. Cash at bank and in hand | ADIV | 35,660.03 | 12,184.68 |
| 5131001 BSI CH26 0846 5119 5792 1200 1 | ADIV | | 12,184.68 |
| 5131002 CH18 0866 7007 1589 7100 7 | ADIV | 35,660.03 | |
| E. Prepayments and accrued income | AE | | |
| **TOTAL (ASSETS)** | | **253,332.40** | **262,974.68** |

**Values EUR**

| | Note | 2017<br>2017 | 2016<br>2016 |
|---|---|---|---|
| **A Capital and reserves** | PA | **(20,219,545.42)** | **(20,100,514.87)** |
| I. Subscribed capital | PAI | 28,642,666.00 | 28,642,666.00 |
| 1010000 Subscr. cap. (Cap. Enterpr. - Tot. am.) | PAI | 28,642,666.00 | 28,642,666.00 |
| II. Share premium account | PAII | 443,346,934.00 | 443,346,934.00 |
| 1110000 Share premium | PAII | 443,346,934.00 | 443,346,934.00 |
| III. Revaluation reserve | PAIII | (491,745,257.63) | (491,717,168.30) |
| 1210001 Rev. reserve - Dynex Energy Holdings Inc | PAIII | (471,745,258.63) | (471,717,169.30) |
| 1210002 Rev. reserve - Encore Resources Sàrl | PAIII | (19,999,999.00) | (19,999,999.00) |
| IV. Reserves | PAIV | | |
| 1. Legal reserve | PAIV1 | | |
| 2. Reserve for own shares | PAIV2 | | |
| 3. Reserves provided for by the articles of association | PAIV3 | | |
| 4. Other reserves, including the fair value reserve | PAIV4 | | |
| a) other available reserves | PAIV4a | | |
| b) other non available reserves | PAIV4b | | |
| V. Profit or loss brought forward | PAV | (372,946.57) | (297,462.94) |
| 1410000 Results brought forward | PAV | (372,946.57) | (297,462.94) |
| VI. Result for the financial year | PAVI | (90,941.22) | (75,483.63) |
| VII. Interim dividends | PAVII | | |
| VIII. Investment subsidies | PAVIII | | |
| **B. Provisions** | PB | | |
| 1. Provisions for pensions and similar obligations | PB1 | | |
| 2. Provisions for taxation | PB2 | | |
| 3. Other provisions | PB3 | | |
| **C. Creditors** | PC | **20,472,877.82** | **20,363,489.55** |
| 1. Debenture loans | PC1 | | |
| a) Convertible loans | PC1a | | |
| i) becoming due and payable after less than one year | PC1ai | | |
| ii) becoming due and payable after more than one year | PC1aii | | |
| b) Non convertible loans | PC1b | | |
| i) becoming due and payable after less than one year | PC1bi | | |
| ii) becoming due and payable after more than one year | PC1bii | | |
| 2. Amounts owed to credit institutions | PC2 | | |
| a) becoming due and payable after less than one year | PC2a | | |
| b) becoming due and payable after more than one year | PC2b | | |
| 3. Payments received on account of orders in so far as they are not shown separately as | PC3 | | |
| a) becoming due and payable after less than one year | PC3a | | |
| b) becoming due and payable after more than one year | PC3b | | |
| 4. Trade creditors | PC4 | 44,098.88 | 26,108.31 |
| a) becoming due and payable after less than one year | PC4a | 43,513.88 | 26,108.31 |
| 4411100 Suppliers | PC4a | 22,453.88 | 5,048.31 |
| 4411200 Suppliers - invoices not yet received | PC4a | 21,060.00 | 21,060.00 |
| b) becoming due and payable after more than one year | PC4b | 585.00 | |
| 4412200 Suppliers - invoices not yet received | PC4b | 585.00 | |
| 5. Bills of exchange payable | PC5 | | |
| a) becoming due and payable after less than one year | PC5a | | |
| b) becoming due and payable after more than one year | PC5b | | |
| 6. Amounts owed to affiliated undertakings | PC6 | | |
| a) becoming due and payable after less than one year | PC6a | | |

**Values EUR**

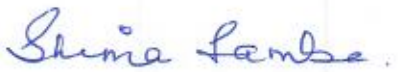
| | Note | 2017<br>2017 | 2016<br>2016 |
|---|---|---|---|
| b) becoming due and payable after more than one year | PC6b | | |
| 7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating | PC7 | | |
| a) becoming due and payable after less than one year | PC7a | | |
| b) becoming due and payable after more than one year | PC7b | | |
| 8. Other creditors | PC8 | 20,428,778.94 | 20,337,381.24 |
| a) Tax authorities | PC8a | | |
| b) Social security authorities | PC8b | | |
| c) Other creditors | PC8c | 20,428,778.94 | 20,337,381.24 |
| i) becoming due and payable within one year | PC8ci | | |
| ii) becoming due and payable after more than one year | PC8cii | 20,428,778.94 | 20,337,381.24 |
| 4722100 Current account shareholder | PC8cii | 292,014.74 | 301,588.33 |
| 4722110 Shareholder's loan | PC8cii | 20,000,000.00 | 20,000,000.00 |
| 4728001 C/C Dynex Petroleum LP | PC8cii | 136,764.20 | 35,792.91 |
| **D. Deferred income** | PD | | |
| **TOTAL (CAPITAL, RESERVES AND LIABILITIES)** | | **253,332.40** | **262,974.68** |

**Values EUR**

| | Note | 2017<br>2017 | 2016<br>2016 |
|---|---|---|---|
| **1. Net turnover** | R1 | | |
| **2. Variation in stocks of finished goods and in work in progress** | R2 | | |
| **3. Work performed by the undertaking for its own purposes and capitalised** | R3 | | |
| **4. Other operating income** | R4 | | |
| **5. Raw materials and consumables and other external expenses** | R5 | **(83,315.71)** | **(65,518.48)** |
| a) Raw materials and consumables | R5a | | |
| b) Other external charges | R5b | (83,315.71) | (65,518.48) |
| 6111200 Building, hire maintenance mgmt | R5b | (2,024.56) | (1,965.60) |
| 6113000 Rental and co-owner charges | R5b | (708.60) | (687.96) |
| 6121000 Secratarial staff facilities | R5b | (809.88) | (786.28) |
| 6133300 Bank account charges | R5b | (957.20) | (975.28) |
| 6133800 Oth. bnk exp./comm.(exc. int./sim. exp.) | R5b | (2,500.00) | (2,500.00) |
| 6134100 Legal fees | R5b | (21,633.17) | (11,377.11) |
| 6134200 Accountant services | R5b | (47,422.90) | (42,278.94) |
| 6134300 Tax consulting fees | R5b | (544.05) | |
| 6142000 Building insurance and security | R5b | (708.60) | (687.96) |
| 6151100 Press advertising | R5b | (1,810.11) | (174.75) |
| 6153100 Post, envelope, stamp | R5b | (506.16) | (491.40) |
| 6153200 Phone, fax and internet | R5b | (1,518.44) | (1,474.20) |
| 6187000 Contribut. to professional organisations | R5b | (350.00) | (350.00) |
| 6188100 Office and computer supplies | R5b | (1,012.16) | (982.72) |
| 6188200 Organization, classifying files | R5b | (809.88) | (786.28) |
| **6. Staff costs** | R6 | | |
| a) Wages and salaries | R6a | | |
| b) Social security costs | R6b | | |
| i) relating to pensions | R6bi | | |
| ii) other social security costs | R6bii | | |
| c) Other staff costs | R6c | | |
| **7. Value adjustments** | R7 | **(5,608.00)** | **(8,323.00)** |
| a) in respect of formation expenses and of tangible and intangible fixed assets | R7a | (5,608.00) | (8,323.00) |
| 6318000 Other similar expenses | R7a | (5,608.00) | (8,323.00) |
| b) in respect of current assets | R7b | | |
| **8. Other operating expenses** | R8 | | |
| **9. Income from participating interests** | R9 | | |
| a) derived from affiliated undertakings | R9a | | |
| b) other income from participating interests | R9b | | |
| **10. Income from other investments and loans forming part of the fixed assets** | R10 | | |
| a) derived from affiliated undertakings | R10a | | |
| b) other income not included under a) | R10b | | |
| **11. Other interest receivable and similar income** | R11 | **210.08** | |
| a) derived from affiliated undertakings | R11a | | |
| b) other interest and similar income | R11b | 210.08 | |
| 7560000 Foreign currency exchange gains | R11b | 210.08 | |
| **12. Share of profit or loss of undertakings accounted for under the equity method** | R12 | | |
| **13. Value adjustments in respect of financial assets and of investments held as current assets** | R13 | | |
| **14. Interest payable and similar charges** | R14 | **(1,692.59)** | **(1,126.85)** |
| a) concerning affiliated undertakings | R14a | | |
| b) other interest and similar charges | R14b | (1,692.59) | (1,126.85) |
| 6560000 Foreign currency exchange losses | R14b | (1,692.59) | (1,126.85) |

**Values EUR**

| | Note | 2017<br>2017 | 2016<br>2016 |
|---|---|---|---|
| **15. Tax on profit or loss** | R15 | | **19.20** |
| 7710000 Adjustments of corporate income tax | R15 | | 19.20 |
| **16. Profit or loss after taxation** | R16 | **(90,406.22)** | **(74,949.13)** |
| **17. Other taxes not shown under items 1 to 16** | R17 | **(535.00)** | **(534.50)** |
| 6811001 Interest on NWT | R17 | | (57.60) |
| 6811016 NWT 01.01.2016 | R17 | | (535.00) |
| 6811017 NWT 01.01.2017 | R17 | (535.00) | |
| 7810000 Adjustments of wealth tax | R17 | | 58.10 |
| **18. Profit or loss for the financial year** | R18 | **(90,941.22)** | **(75,483.63)** |
| **Profit and loss account** | | **(90,941.22)** | **(75,483.63)** |

Values EUR

| | Note | 2017<br>2017 | 2016<br>2016 |
|---|---|---|---|
| OUTSIDE BALANCE SHEET | | | |