

Dynex Energy S.A.

Public Limited Company
R.C.S. Luxembourg: B164435

75 Parc d'Activités L-8308 Capellen

STATUTORY ANNUAL ACCOUNTS

From 01/01/2021 to 31/12/2021

RCSL Nr. : B164435

Matricule : 2011 2223 437

eCDF entry date : 13/07/2022

ABRIDGED BALANCE SHEET**Financial year from** ⁰¹ 01/01/2021 **to** ⁰² 31/12/2021 (in ⁰³ EUR)

Dynex Energy S.A.

75, Parc d'Activités
L-8308 Capellen**ASSETS**

	Reference(s)	Current year	Previous year
A. Subscribed capital unpaid	1101 _____	101 _____	102 _____
I. Subscribed capital not called	1103 _____	103 _____	104 _____
II. Subscribed capital called but unpaid	1105 _____	105 _____	106 _____
B. Formation expenses	1107 _____ 3	107 _____	108 _____
C. Fixed assets	1109 _____ 4	109 _____ 2,00	110 _____ 2,00
I. Intangible assets	1111 _____	111 _____	112 _____
II. Tangible assets	1125 _____	125 _____	126 _____
III. Financial assets	1135 _____ 4	135 _____ 2,00	136 _____ 2,00
D. Current assets	1151 _____	151 _____ 18.010,11	152 _____ 13.562,27
I. Stocks	1153 _____	153 _____	154 _____
II. Debtors	1163 _____ 5	163 _____ 10.357,48	164 _____ 6.063,08
a) becoming due and payable within one year	1203 _____ 5	203 _____ 10.357,48	204 _____ 6.063,08
b) becoming due and payable after more than one year	1205 _____	205 _____	206 _____
III. Investments	1189 _____	189 _____	190 _____
IV. Cash at bank and in hand	1197 _____	197 _____ 7.652,63	198 _____ 7.499,19
E. Prepayments	1199 _____	199 _____	200 _____
TOTAL (ASSETS)		201 _____ 18.012,11	202 _____ 13.564,27

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

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CAPITAL, RESERVES AND LIABILITIES

	Reference(s)	Current year	Previous year
A. Capital and reserves			
	1301 <u>6</u>	301 <u>-20.624.659,56</u>	302 <u>-20.567.313,60</u>
I. Subscribed capital	1303 <u>6.1</u>	303 <u>28.642.666,00</u>	304 <u>28.642.666,00</u>
II. Share premium account	1305 <u>6.2</u>	305 <u>443.346.934,00</u>	306 <u>443.346.934,00</u>
III. Revaluation reserve	1307 <u>6.3</u>	307 <u>-491.957.598,00</u>	308 <u>-491.957.598,00</u>
IV. Reserves	1309 _____	309 _____	310 _____
V. Profit or loss brought forward	1319 <u>6.5</u>	319 <u>-599.315,60</u>	320 <u>-551.594,86</u>
VI. Profit or loss for the financial year	1321 <u>6.5</u>	321 <u>-57.345,96</u>	322 <u>-47.720,74</u>
VII. Interim dividends	1323 _____	323 _____	324 _____
VIII. Capital investment subsidies	1325 _____	325 _____	326 _____
B. Provisions	1331 _____	331 _____	332 _____
C. Creditors			
	1435 <u>7</u>	435 <u>20.642.671,67</u>	436 <u>20.580.877,87</u>
a) becoming due and payable within one year	1453 <u>7</u>	453 <u>13.199,18</u>	454 <u>18.980,94</u>
b) becoming due and payable after more than one year	1455 <u>7,8</u>	455 <u>20.629.472,49</u>	456 <u>20.561.896,93</u>
D. Deferred income	1403 _____	403 _____	404 _____
TOTAL (CAPITAL, RESERVES AND LIABILITIES)		405 <u>18.012,11</u>	406 <u>13.564,27</u>

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ABRIDGED PROFIT AND LOSS ACCOUNT**Financial year from** ⁰¹ 01/01/2021 **to** ⁰² 31/12/2021 (in ⁰³ EUR)

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	Reference(s)	Current year	Previous year
1. to 5. Gross profit or loss	1651 _____	651 <u>-56.810,96</u>	652 <u>-42.276,76</u>
6. Staff costs	1605 _____	605 <u>0,00</u>	606 <u>0,00</u>
a) Wages and salaries	1607 _____	607 _____	608 _____
b) Social security costs	1609 _____	609 _____	610 _____
i) relating to pensions	1653 _____	653 _____	654 _____
ii) other social security costs	1655 _____	655 _____	656 _____
c) Other staff costs	1613 _____	613 _____	614 _____
7. Value adjustments	1657 _____	657 _____	658 _____
a) in respect of formation expenses and of tangible and intangible fixed assets	1659 _____	659 _____	660 _____
b) in respect of current assets	1661 _____	661 _____	662 _____
8. Other operating expenses	1621 _____	621 _____	622 _____

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	Reference(s)	Current year	Previous year
9. Income from participating interests	1715	715	716
a) derived from affiliated undertakings	1717	717	718
b) other income from participating interests	1719	719	720
10. Income from other investments and loans forming part of the fixed assets	1721	721	722
a) derived from affiliated undertakings	1723	723	724
b) other income not included under a)	1725	725	726
11. Other interest receivable and similar income	1727	727	728
a) derived from affiliated undertakings	1729	729	730
b) other interest and similar income	1731	731	732
12. Share of profit or loss of undertakings accounted for under the equity method	1663	663	664
13. Value adjustments in respect of financial assets and of investments held as current assets	1665	665	666
14. Interest payable and similar expenses	1627	0,00	-628,98
a) concerning affiliated undertakings	1629	629	630
b) other interest and similar expenses	1631	631	-628,98
15. Tax on profit or loss	1635	635	636
16. Profit or loss after taxation	1667	-56.810,96	-42.905,74
17. Other taxes not shown under items 1 to 16	1637	-535,00	-4.815,00
18. Profit or loss for the financial year	1669	-57.345,96	-47.720,74

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Notes to the Annual Accounts 31/12/2021

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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.

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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.

Irrespective of the fact that the Company's liabilities exceed its total assets, these annual accounts were prepared on going concern basis. The management of the Company has assessed its ability to continue as a going concern.

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.

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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:

	2021 (EUR)	2020 (EUR)
Gross book value – opening balance	45,615.00	45,615.00
<i>Movements for the year</i>	0.00	0.00
Gross book value – closing balance	45,615.00	45,615.00
Depreciation – opening balance	45,615.00	45,615.00
<i>Movements for the year</i>	0.00	0.00
Depreciation – closing balance	45,615.00	45,615.00
Net book value – opening balance	0.00	0.00
Net book value – closing balance	0.00	0.00

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	31/12/2021	-631,664.00 USD	89,515.00 USD
Encore Resources Sàrl	Box 08 N.09 Bis Bd Omar El Mokhtar Cite Al Massira Agadir - Morocco	100.00	31/12/2021	-5,665,366.24 MAD	-760,500.00 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 Encore Resources.

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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:

	2021 (EUR)	2020 (EUR)
Subscribed capital – opening balance	28,642,666.00	28,642,666.00
<i>Movements for the year</i>	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:

	2021 (EUR)	2020 (EUR)
Share premium – opening balance	443,346,934.00	443,346,934.00
<i>Movements for the year</i>	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.	- 471,957,599.00	-	- 471,957,599.00
Revaluation reserve – Encore Resources S.à r.l.	- 19,999,999.00	-	- 19,999,999.00
Total	- 491,957,598.00	-	- 491,957,598.00

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.

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

The movements for the year are as follows:

	2021 (EUR)	2020 (EUR)
Profit or loss brought forward from earlier periods	(551,594.86)	(505,190.23)
Profit or loss from the previous year	(47,720.74)	(46,404.63)
	(599,315.60)	(551,594.86)
Profit or loss brought forward	(599,315.60)	(551,594.86)
Current year profit or loss	(57,345.96)	(47,720.74)

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 2021	Total 2020
Debts on purchases and provisions of services	13,199.18	0.00	0.00	13,199.18	18,980.94
Other creditors	0.00	0.00	20,629,472.49	20,629,472.49	20,561,896.93
Total	13,199.18	0.00	20,629,472.49	20,642,671.67	20,580,877.87

The detail of "Other creditors" is as follow:

- EUR 20,000,000.00 is related to the shareholder's loan;
- EUR 293,840.04 is related to the shareholder's current account;
- EUR 335,632.45 is related to Dynex Petroleum LP's current account.

NOTE 8: Transactions with related parties

The loans amounting to EUR 20,629,472.49 are interest free.

NOTE 9: Staff

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

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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.