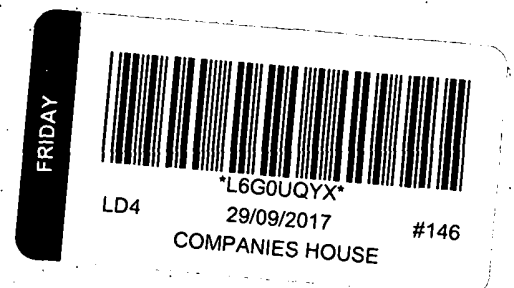


REGISTERED NUMBER: 07229424 (England and Wales)

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016
FOR
FORTIS PETROLEUM UK LIMITED**



FORTIS PETROLEUM UK LIMITED (REGISTERED NUMBER: 07229424)

**CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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FORTIS PETROLEUM UK LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2016**

DIRECTORS:	M S Haagaard G F Landsend
SECRETARY:	WFW Legal Services Limited
REGISTERED OFFICE:	C/O WFW Legal Services Limited 15 Appold Street London EC2A 2HB
REGISTERED NUMBER:	07229424 (England and Wales)
ACCOUNTANTS:	Sargeant Partnership Chartered Accountants and Statutory Auditors 5 White Oak Square London Road Swanley Kent BR8 7AG
BANKERS:	DnB NOR Bank ASA 20 St Dunstan's Hill London EC3R 8HY
SOLICITORS:	Watson, Farley & Williams LLP 15 Appold Street London EC2A 2HB
INDEPENDENT AUDITORS:	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH

FORTIS PETROLEUM UK LIMITED (REGISTERED NUMBER: 07229424)

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2016**

The directors present their report with the audited financial statements of the company for the year ended 31 December 2016.

SMALL COMPANIES' EXEMPTION

This report has been prepared in accordance with the special provisions relating to small companies' within part 15 of the Companies Act 2006.

PRINCIPAL ACTIVITIES

The principal activity of the company in the year under review was that of exploration for oil and gas.

REVIEW OF BUSINESS

During 2016, the company has performed regional and semi-regional screening as well as specific block evaluations related to potential farm in opportunities.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2016 (2015: £nil).

FUTURE OUTLOOK

The Board of Directors has decided to close down the company, by way of a voluntary strike-off procedure within 12 months from signing this report. The Directors intend to make an application on the Company's behalf to strike off the Company from the company register.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2016 to the date of this report.

M S Haagaard
G F Landsend

All the directors who are eligible offer themselves for election at the forthcoming Annual General Meeting.

RISKS AND UNCERTAINTIES

The future risks and uncertainties are limited due to the assets and funds made available by the parent company which secures continued operations.

GOING CONCERN BASIS

The financial statements have been prepared on a basis other than going concern, given that Fortis Petroleum UK Limited is planning to cease trading within 12 months from signing this report.

FORTIS PETROLEUM UK LIMITED (REGISTERED NUMBER: 07229424)

**REPORT OF THE DIRECTORS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Report of the directors and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 Section 1A, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each director in office at the date the Report of the directors is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the Annual General Meeting.



M S Haagaard – Director



G F Landsend – Director

Date:

28/9-2017

Date:

28.09.17

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2016

Independent auditors' report to the members of Fortis Petroleum UK Limited

Report on the financial statements

Our opinion

In our opinion, Fortis Petroleum UK Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.
-

Emphasis of matter - Basis of preparation

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the basis of preparation. Following the year end the directors have decided that the company will cease trading within 12 months from signing this report. Accordingly, the going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a basis other than going concern as described in note 2 to the financial statements. Adjustments have been made in these financial statements to reclassify long-term liabilities as current liabilities. No other adjustments were necessary to reduce assets to their realisable values, to provide for liabilities arising from the decision, or to reclassify fixed assets as current assets.

What we have audited

The financial statements, included within the Report of the Directors and Financial Statements (the "Annual Report"), comprise:

- the Statement of financial position as at 31 December 2016;
- the Profit and loss account for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the Notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law (United Kingdom Generally Accepted Accounting Practice), applicable to Smaller Entities.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Report of the Directors. We have nothing to report in this respect.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2016

Independent auditors' report to the members of Fortis Petroleum UK Limited (continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Report of the Directors; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

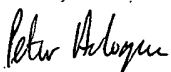
We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2016

***Independent auditors' report to the members of Fortis
Petroleum UK Limited (continued)***

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Report of the Directors, we consider whether this report includes the disclosures required by applicable legal requirements.



Peter Acloque (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 September 2017

FORTIS PETROLEUM UK LIMITED (REGISTERED NUMBER: 07229424)

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 £	2015 £
Administrative expenses		<u>(195,641)</u>	<u>(170,604)</u>
		(195,641)	(170,604)
Other operating income	3	<u>160,650</u>	<u>162,996</u>
OPERATING LOSS	5	(34,991)	(7,608)
Interest payable and similar expenses	6	<u>(15,869)</u>	<u>(11,815)</u>
LOSS BEFORE TAXATION		(50,860)	(19,423)
Tax on loss	7	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		<u>(50,860)</u>	<u>(19,423)</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year.

There are no items recognised in other comprehensive income and therefore a statement of other comprehensive income has not been presented.

The notes on pages 10 to 16 form part of these financial statements

FORTIS PETROLEUM UK LIMITED REGISTERED NUMBER: 07229424)

**STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2016**

	Notes	2016		2015	
		£	£	£	£
FIXED ASSETS					
Tangible assets	8	-			250
CURRENT ASSETS					
Debtors	9	288		1,467	
Cash at bank		<u>5,880</u>		<u>9,351</u>	
		6,168		10,818	
CREDITORS					
Amounts falling due within one year	10	<u>(277,056)</u>		<u>(20,141)</u>	
NET CURRENT LIABILITIES			<u>(270,888)</u>		<u>(9,323)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(270,888)</u>		<u>(9,073)</u>
CREDITORS					
Amounts falling due after more than one year	11	-		<u>(210,955)</u>	
NET LIABILITIES			<u>(270,888)</u>		<u>(220,028)</u>
CAPITAL AND RESERVES					
Called up share capital	12		100		100
Accumulated Losses			<u>(270,988)</u>		<u>(220,128)</u>
TOTAL SHAREHOLDERS' DEFICIT			<u>(270,888)</u>		<u>(220,028)</u>

The financial statements were approved by the Board of Directors on 28 September 2017 and were signed on its behalf by:


.....
M S Haagaard – Director


.....
G F Landsend – Director

The notes on pages 10 to 16 form part of these financial statements.

FORTIS PETROLEUM UK LIMITED (REGISTERED NUMBER: 07229424)

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

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2015	100	(200,705)	(200,605)
Changes in equity Total comprehensive income		(19,423)	(19,423)
Balance at 31 December 2015	<u>100</u>	<u>(220,128)</u>	<u>(220,028)</u>
Changes in equity Total comprehensive income		(50,860)	(50,860)
Balance at 31 December 2016	<u>100</u>	<u>(270,988)</u>	<u>(270,888)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. STATUTORY INFORMATION

Fortis Petroleum UK Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of Accounting

This is the first year in which the financial statements have been prepared under FRS 102. The company has transitioned to FRS 102 with effect from 1 January 2015 (the date of transition). Information on the impact of first-time adoption of FRS 102 has been included in note 18.

The preparation of financial statements under FRS 102 requires the use of certain clinical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

Basis other than going concern

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The date of transition is 1 January 2015. The financial statements have been prepared under the historical cost convention.

The going concern basis of preparation is no longer appropriate and the financial statements have been prepared on a basis other than going concern, given that Fortis Petroleum UK Limited is planning to cease trading within 12 months from signing this report.

No adjustments were necessary in these financial statements to reduce assets to their realisable values or to provide for liabilities arising from the decision or to reclassify fixed assets as current assets.

Adjustments have been made in these financial statements to reclassify long-term liabilities as current liabilities.

Tangible assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery - 33% per annum on cost.

Exploration and development expenditure

In accordance with the successful efforts method, licence acquisition costs and all costs incurred after the rights to explore an area have been obtained, such as geological and geophysical costs and other direct costs of exploration and appraisals are accumulated and capitalised as intangible assets, pending determination.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

2. ACCOUNTING POLICIES - continued

Costs incurred prior to acquiring the rights to explore are charged directly to the profit and loss account. On completion of appraisal activities if technical feasibility is demonstrated and commercial reserves are discovered, then, following development sanction, the carrying of value of the relevant intangible asset will be reclassified as a development and production asset and transferred to tangible assets and depreciated over the expected production life of the asset. Whenever a project is considered no longer viable the associated exploration expenditure is written off to the profit and loss account.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided on taxable profits at the current rate of taxation.

Deferred tax is recognised in respect of all timing difference that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Other operating income

Other operating income consists of recharges to Fortis Petroleum Norway AS. The recharges are for staff expenses and man hours relating to the company.

Judgements in applying accounting policies and key sources of estimation uncertainty

The company pays the employee's salaries and recharges staff expenses and man hours. There are no areas of key judgements or judgements in applying accounting policies

FORTIS PETROLEUM UK LIMITED (REGISTERED NUMBER: 07229424)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

3. OTHER OPERATING INCOME

	2016	2015
	£	£
Management recharges	<u>160,650</u>	<u>162,996</u>

4. EMPLOYEES AND DIRECTORS

	2016	2015
	£	£
Wages and salaries	108,155	108,155
Social security costs	11,883	12,786
Other pension costs	<u>8,652</u>	<u>8,652</u>
	<u>128,690</u>	<u>129,593</u>

The average monthly number of employees during the year was as follows:

	2016	2015
Management and administration	2	2
Technical	<u>1</u>	<u>1</u>
	<u>3</u>	<u>3</u>

	2016	2015
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

The directors did not receive any emoluments in respect of their services to the company (2015: £nil).

5. OPERATING LOSS

The operating loss is stated after charging / (crediting):

	2016	2015
	£	£
Depreciation – owned assets	250	250
Auditors Remuneration	13,503	8,500
Foreign Exchange Differences	20,431	(11,092)

FORTIS PETROLEUM UK LIMITED (REGISTERED NUMBER: 07229424)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

6. INTEREST PAYABLE

	2016	2015
	£	£
Interest paid to group companies	<u>15,869</u>	<u>11,815</u>

7. TAX ON LOSS

Analysis of taxation

Corporation tax has been charged at a rate of 20% (2015: 20.25%) on losses for the year and comprises of:

	2016	2015
	£	£
Current tax	-	-
Deferred tax	-	-
Tax on loss	<u>-</u>	<u>-</u>

Factors affecting taxation

The assessed tax for the year is higher (2015: higher) than the standard rate of tax in the UK. The difference is explained below:

	2016	2015
	£	£
Loss before taxation	<u>(50,860)</u>	<u>(19,423)</u>
Loss before taxation multiplied by the standard rate of corporation tax in the UK of 20% (2015: 20.25%)	(10,172)	(3,933)
Effects of:		
Unrecognised tax losses	<u>10,172</u>	<u>3,933</u>
Total tax	<u>-</u>	<u>-</u>

A change to reduce the main UK corporation tax rate to 19% from 1 April 2017 was substantively enacted on 26 October 2015 and a further reduction to 17% from 1 April 2020 was substantively enacted on 6 September 2016.

A deferred tax asset of £45,139 (2015: £39,163) in respect of available tax losses, of £265,525 (2015: £217,573) has not been recognised as at 31 December 2016. Given the uncertainty of future profits it is not considered appropriate to recognise the deferred tax asset.

FORTIS PETROLEUM UK LIMITED (REGISTERED NUMBER: 07229424)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

8. TANGIBLE ASSETS

	Plant and machinery £
COST	
At 1 January 2016 and 31 December 2016	<u>3,219</u>
ACCUMULATED DEPRECIATION	
At 1 January 2016	2,969
Charge for the year	<u>250</u>
At 31 December 2016	<u>3,219</u>
NET BOOK VALUE	
At 31 December 2016	<u>—</u>
At 31 December 2015	<u>250</u>

FORTIS PETROLEUM UK LIMITED (REGISTERED NUMBER: 07229424)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

9. DEBTORS:

	2016	2015
	£	£
Amounts owed by group undertakings	110	984
Prepayments and other debtors	<u>178</u>	<u>483</u>
	<u>288</u>	<u>1,467</u>

Amounts owed by group undertakings are unsecured, accrue interest at a rate of 6% and are repayable on demand.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Trade creditors	1,068	1,230
Taxation and social security	4,975	5,025
Amounts owed to group undertakings	253,794	-
Accruals and deferred income	<u>17,219</u>	<u>13,886</u>
	<u>277,056</u>	<u>20,141</u>

Amounts owed to group undertakings are unsecured, accrue interest at 6%. Amounts owed to group undertakings have been reclassified to creditors: amounts falling due within one year for presentation on a basis other than going concern.

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016	2015
	£	£
Amounts owed to group undertakings	<u>-</u>	<u>210,955</u>

Amounts owed to group undertakings are unsecured, accrue interest at 6%. Amounts owed to group undertakings have been reclassified to creditors: amounts falling due within one year for presentation on a basis other than going concern.

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2016	2015
			£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2016**

13. ULTIMATE PARENT COMPANY

The immediate parent undertaking is Fortis Petroleum Corporation AS, a company incorporated in Norway.

Fortis Petroleum Corporation AS is a majority owned by Azinor Petroleum Ltd, a company incorporated in Bermuda.

Fortis Petroleum Corporation AS is the only parent undertaking of the group of undertakings to consolidate these financial statements. The consolidated financial statements of Fortis Petroleum Corporation AS can be obtained from Fortis Petroleum Corporation AS, Solbraveien 20, 1383 Asker, Norway.

14. CONTINGENT LIABILITIES

The company had no contingent liabilities at 31 December 2016. (2015: nil)

15. CAPITAL COMMITMENTS

There were no capital commitments at 31 December 2016. (2015: nil)

16. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption available under Financial Reporting Standard 8 not to disclose transactions with other group companies.

17. EVENTS AFTER THE END OF THE REPORTING PERIOD

No events have occurred after the reporting period date which need disclosure.

18. FIRST-TIME ADOPTION OF FRS 102

This is the first year in which the financial statements have been prepared under FRS 102.

The accounting policies applied under the company's previous accounting framework are not materially different to FRS 102 and have not impacted the company's equity or profit and loss.