



Supplement dated 19 June 2020 to the Base Listing Particulars dated 29 July 2019

AUDACIA CAPITAL (IRELAND) PLC

(the "Issuer")

(Incorporated with limited liability in Ireland under registered number 622442)

This supplement (the "**Supplement**") is supplemental to, forms part of, and should be read in conjunction with, the base listing particulars dated 29 July 2019, as amended by Supplement No. 1 dated 12 November 2019 and Supplement No. 2 dated 28 May 2020 (together, the "**Listing Particulars**") issued for the purposes of giving information with regard to the issue of notes ("**Notes**") of Audacia Capital (Ireland) plc (the "**Issuer**"). The aggregate nominal amount of Notes issued by the Issuer under the Listing Particulars and at any one time outstanding will not at any time exceed €150,000,000.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

To the extent that there is any inconsistency between (a) any statement in, or incorporated by reference in, this Supplement and (b) any statement in, or incorporated by reference in, the Listing Particulars, the statement in (a) above will prevail. This Supplement constitutes a Supplementary Listing Particulars for the purpose of listing on the Official List of Euronext Dublin and trading on the Global Exchange Market of Euronext Dublin and should be read in conjunction with the Listing Particulars. Application has been made to Euronext Dublin to approve this Supplement and to admit certain Series of Notes to listing on the Official List of Euronext Dublin and to trading on the Global Exchange Market of Euronext Dublin.

Words and expressions defined in the Listing Particulars shall, unless the context otherwise requires, have the same meaning when used in this Supplement. Save as set out below, there has been no other significant new factor, material mistake or inaccuracy relating to the information included in the Listing Particulars since the publication of the Listing Particulars.

Purpose of this Supplement

The purpose of this Supplement is:

1. to update the Listing Particulars to update all references to "Audacia Capital Limited" to reflect its new name, "Trident Enterprises Limited" and to amend the definition of "Audacia Collateral Obligor" so that it reads "Trident Collateral Obligor"
2. to change the address of the Trident Collateral Obligor to: Suite 16, Water Gardens 5, Waterport Wharf, PO Box 417, Gibraltar.
3. "to include a description of an additional Collateral Obligor set out below in the Collateral Annex.

Amendment to Appendix 1 – Collateral Annex

The Issuer has been validly incorporated and the board of directors of the Issuer has approved the issuance of Notes in relation to one or more Series for the Collateral Obligor set out below.

- 1 The following text shall be inserted to the end of Appendix 1 - Collateral Index of the Listing Particulars:

**WEST OIL PROJECTS LIMITED
COLLATERAL ANNEX FOR LISTING PARTICULARS**

NAME OF THE COLLATERAL OBLIGOR	West Oil Projects Limited
JURISDICTION OF INCORPORATION	Hong Kong
REGISTERED ADDRESS	Room 409 Yu To Sang Building 37 Queen's Rd Central, Hong Kong
LEGISLATION UNDER WHICH THIS OBLIGOR OPERATES	Hong Kong
LEGAL FORM	Private company limited by shares
DATE OF INCORPORATION	4 November 2019
REGISTERED NUMBER	1663106
SHARE CAPITAL	HKD 100 divided into 100 ordinary shares of HKD 1 each
SHAREHOLDERS	Denis Orlov (26 shares) – 26% Aleh Yakavitski (10 shares) – 10% Andrey Sergeyev (10 shares) – 10% Adilzhan Kaliyev (54 shares) – 54%
DIRECTORS	Denis Orlov Adilzhan Kaliye The correspondence for all of the directors of the company is Room 409 Yu To Sang Building 37 Queen's Rd Central, Hong Kong, the registered office of the Collateral Obligor.
FINANCIAL YEAR END	30 November

AUDITORS	<p>The Collateral Obligor is to be audited by Deloitte of 35/F One Pacific Place 88 Queensway, Hong Kong.</p> <p>KGN is audited by GCAP "AVDEEV and K0 of 236010, Kaliningrad, Marat st., 2.</p> <p>GCAP "AVDEEV & K0" is a member of the Self-Regulatory Organization of Auditors Association "Sodruzhestvo" (SRO AAS) registration number of record (PRNE) 11606055401 dated November 11, 2016.</p>																
HISTORICAL FINANCIAL INFORMATION / FINANCIAL STATEMENTS	<p>As a recently established company, which has never traded, the Collateral Obligor has produced no financial statements and has not been required to do so.</p> <p>The Collateral Obligor has pursuant to a share purchase agreement dated 4 February 2020 (the "SPA") acquired 99.74 % of the shares of the Russian open joint stock company (OJSC) Kaliningradneft ("KGN"). As such, the Collateral Obligor is a special purpose vehicle for the operations of KGN.</p> <p>The business of KGN is comprised in a long-standing oil producing business (the "KGN Oil Business"), which is involved in the exploration, extraction and production of hydrocarbon reserves, and it is the owner of the rights to exploit oil with three substantial oil fields (the Veselovskoe, Novo Serebryanskoye, and Sechenovkoye Fields) all in the Kaliningrad area and more particularly shown in the map attached to Schedule 1 (the "Oil Field"). KGN also has access to the various export routes. The KGN Oil Business has been in operation since 1991.</p> <p>The current reserves of the Oil Field were assessed in the period from March 2018 to June 2019 by an expert and the expert report annexed at Appendix 5 show that reserves comprise the following:</p> <table border="1" data-bbox="571 1126 1398 1473"> <thead> <tr> <th>Asset</th> <th>PROVED Reserves (1P), (000) bbl</th> <th>PROVED + PROBABLE Reserves (2P), (000) bbl</th> <th>PROVED+ PROBABLE + POSSIBLE Reserves (3P), (000) bbl</th> </tr> </thead> <tbody> <tr> <td>VESELOVSKOYE FIELD</td> <td>2566</td> <td>3984</td> <td>11883</td> </tr> <tr> <td>NOVO-SEREBRYANSKOYE FIELD</td> <td>283</td> <td>320</td> <td>320</td> </tr> <tr> <td>KALININGRADNEFT TOTAL</td> <td>2 849</td> <td>4304</td> <td>12203</td> </tr> </tbody> </table> <p>The expert concerned was:</p> <ol style="list-style-type: none"> Well Energy Group Limited of Unit 617, 6/F, 131-132 Connaught Road West, Solo Workshops, Hong Kong, market expert in the standard geological and engineering methods generally accepted by the oil and gas industry, in particular the SPE/PRMS project based reserves and resources assessments and as described in the document "Guidelines for Application of Petroleum Resources Management System" November 2011; and respectively. The engineers of this company are certified by The Society of Petroleum Engineers (SPE). Well Energy is also ISO 9001, ISO 14001 and OHSAS 18001 (specifically in relation to the oil and gas industry). <p>This report was not prepared at the request of the Issuer but at the request of the Collateral Obligor (or its directors prior to the Collateral Obligor's incorporation) in contemplation of the Series. The report is reproduced in full at Appendix 5 with the</p>	Asset	PROVED Reserves (1P), (000) bbl	PROVED + PROBABLE Reserves (2P), (000) bbl	PROVED+ PROBABLE + POSSIBLE Reserves (3P), (000) bbl	VESELOVSKOYE FIELD	2566	3984	11883	NOVO-SEREBRYANSKOYE FIELD	283	320	320	KALININGRADNEFT TOTAL	2 849	4304	12203
Asset	PROVED Reserves (1P), (000) bbl	PROVED + PROBABLE Reserves (2P), (000) bbl	PROVED+ PROBABLE + POSSIBLE Reserves (3P), (000) bbl														
VESELOVSKOYE FIELD	2566	3984	11883														
NOVO-SEREBRYANSKOYE FIELD	283	320	320														
KALININGRADNEFT TOTAL	2 849	4304	12203														

consent of the relevant expert. The references to the expert report of Well Energy Group Limited in this Collateral Annex have been approved by the relevant expert, in the form and context in which they appear. Well Energy Group Limited does not have any interest (material or otherwise) in the Issuer or the Collateral Obligor.

There are also substantial neighbouring reserves. The relevant licences are tendered, for which KGN has preferential status as the licensee on the neighbouring land – and hence should KGN apply to extend its licenses to exploit the oil reserves, it considers that there is a high likelihood that its application will succeed:

Sechenovskoye Field is located within larger Shuvalovsky licence block, where AGR have estimated the following Contingent Resources:

Asset	Interest in the Asset	Formation	Contingent Resources (1C), mmbbl	Contingent Resources (2C), mmbbl	Contingent Resources (3C), mmbbl
Shuvalovsky licence block	0%	e2-V Dahnemian horizon	4.1	6.5	9.3

- 3C contingent resources are actually recoverable reserves, convertible to 3P reserves classification subject to acquiring geological allotment currently owned by government for nominal fee

Broadly, across the various grades of hydrocarbon products, the provable and probable Oil Field is estimated to give rise to exploitable reserves having an open market value of up to USD 42 million based on the current Brent prices. Following the planned expansion by the end of 2020, the total NPV of KGN reserves under current market price environment is estimated in the region of 200 mln USD.

Asset	FCF USD mln.	NPV (10%), USD mln
KALININGRADNEFT	75	42
SHUVALOVSKY BLOCK	261	135
VOYSKIY BLOCK	140	64

As any running business KGN has current liabilities, which at the moment total amount of approximately GBP 1.3 million (120 million rubles), which have been serviced in their ordinary course under the operations of KGN for many years, and it is proposed shall be refinanced through the Series.

The total aggregate price payable for KGN under the SPA is 186 million rubles (approximately GBP 2 million) including the repayment of the known GBP 1.3 million pre-existing liabilities of the KGN Oil Business. The terms of the SPA are confidential between the parties but the SPA is open to inspection by the Noteholder Trustee in physical form at the registered office of the Issuer upon request by any Noteholder. The proposed cashflow forecast for the Collateral Obligor is attached to the business plan which is open to inspection by Noteholders upon reasonable request at the registered office of the Issuer. This is proposed to improve both production capacity and profitability of the KGN Oil Business.

Further corporate statements in relation to KGN are set out in Schedule 2.

Audited financial statements for KGN for the periods ended 31 December 2017 and 31 December 2018 are translated into English, are included at Schedules 3 and 4, respectively. The audit report for 2019 is in progress and expecting on or before 30 September 2020. All financial statements are prepared according to International Accounting Standards (IAS), notwithstanding that Article 3 of Regulation (EC) No 1606/2002 is not applicable in Russia. Accordingly, there are no material differences between the international accounting standards adopted pursuant to the procedure of

	<p>Article 3 of Regulation (EC) No 1606/2002 and the accounting principles adopted in preparing the annual financial statements of KGN.</p> <p>In any event, the anticipated provable and probable reserves of the Oil Field are said to amount to up to USD 48 million in value according to expert opinion. Therefore in the Collateral Obligor's opinion, the underlying business opportunity will give rise to profits substantially (and many times) exceeding the sum of the pre-existing liabilities of KGN, the residual SPA purchase price of the KGN shares held by the Collateral Obligor and any further cashflow requirements to bring costs savings and enhanced productivity from the Oil Field and therefore realise the current reserves. Further and in any event, the business of oil extraction, and resale of hydrocarbon products is already cash generative in nature such that the Notes may be serviced promptly on an ongoing basis.</p>
<p>OVERVIEW OF THE PRINCIPAL ACTIVITIES OF THE COMPANY</p>	<p>The Collateral Obligor has been set up for the sole purpose of holding the share capital of KGN, and lending the subscription proceeds of the relevant Series to KGN in order to operate, exploit, maintain and invest in the Oil Field and to extract and sell the hydrocarbon products on the established open markets for the off-take of hydrocarbon products.</p> <p>The SPA was entered into on 4 February 2020. However, completion remains conditional on a payment of 120 million rubles (approx. GBP 1.3 million) to the account of KGN on or before 14 June 2020 (and an extension to 30 June 2020 is under negotiation) to discharge its pre-existing debts. It is proposed, on a non-exclusive basis, that the Series is used to procure funding of this payment where available. Having regard to the fact that the Collateral Obligor shall have no substantial assets if this payment cannot be raised and the SPA is rendered void, it is proposed that any Series for which this company acts as Collateral Obligor be conditional on aggregate subscriptions for GBP 1.3 million of Notes being accepted by the Issuer, such that completion under the SPA may become unconditional. This condition is waivable by the Issuer in its discretion, which shall form the subject of an announcement if applicable. It will in any event be announced when the pre-existing liabilities of KGN are discharged.</p> <p>Upon completion under the SPA, the Collateral Obligor proposes to invest further in the KGN Oil Business. The Collateral Obligor has submitted to the Issuer a business plan and cash flow forecast which is upon request open to inspection in physical form at the registered office of the Issuer. There are improvements to be made to the KGN Oil Business. Among other matters, the Collateral Obligor considers that the current off-take arrangements entered into by KGN for the sale of certain products are entered into at a substantial discount to market value: the Collateral Obligor's team considers that it is able to create immediate improvements to bring a greater profit margin. The business plan also sets out proposed steps to increase production capacity from the Oil Field and further enhance profitability. In any event, KGN generates regular income from the KGN Oil Business to be applied to service the Series irrespective of the proposed commitments under the SPA or investment to bring greater profitability to KGN.</p> <p>Upon completion under the SPA, KGN shall also act as corporate guarantor to the Issuer of the obligations of the Collateral Obligor.</p> <p>The oil, whether or not extracted from the Oil Field, shall remain available for extraction by KGN subject to the SPA becoming unconditional, and it will therefore indirectly comprise an asset of the Collateral Obligor.</p>

DEBT SERVICE OF THE NOTES	<p>KGN is a cash-generative business for which ordinary operating income of the company should suffice to discharge the operations under the Series. The Notes shall be discharged primarily from the revenue of KGN, as evidenced by the audited financial statements attached at Appendixes 3 and 4 respectively to this Collateral Annex.</p> <p>However, in any event, the Collateral Obligor has undertaken to procure upon request of the Issuer that a debt service cash reserve account (“DSCR”) is opened and pledged in favour of the Issuer, whether in the name of the Collateral Obligor itself or KGN (in the Issuer’s discretion) to hold from time to time 6 month’s interest owing to the Issuer under the Securitization Bonds.</p> <p>The bank statements in respect of the DSCR account (if established) shall be delivered to the Issuer on a quarterly basis along with the management accounts and other information as to the use of funds. The account shall be further secured by way of pledge to the issuer or other equivalent under the local law applicable to the Collateral Obligor.</p> <p>Accordingly, the Issuer considers that the Collateral Obligor should have available to it throughout the project sufficient cash on account to service the Securitization Bonds.</p> <p>In any event, the overall valuation of the reserves of the Oil Field, an asset of a 99.74% subsidiary of the Collateral Obligor, exceeds many times the amount necessary to repay the Securitization Bonds (and therefore the Notes of any Series taken out with this Collateral Obligor).</p>
MATERIAL ADVERSE CHANGE / LEGAL AND ARBITRATION	<p>The Collateral Obligor has confirmed that there has been no material adverse change in the prospects of the Collateral Obligor as a whole since the date of its incorporation. It has not traded since incorporation save as regards the conclusion of the SPA.</p> <p>The Collateral Obligor has confirmed that there has been no significant change in the financial or trading position of the Collateral Obligor as a whole since the date of its incorporation. It has not traded since incorporation save as regards the conclusion of the SPA.</p> <p>Further, the Collateral Obligor's directors are not aware of any governmental, legal or arbitration proceedings during a period covering at least the previous 12 months, which may have, or have had in the past, any effect on the Collateral Obligor’s financial position or profitability.</p>
CONFLICTS OF INTEREST	<p>There is no conflict of interest between the Collateral Obligor, its officers, affiliates their officers and the Issuer or the Issuer's directors as at the date of issue of the Series.</p>
LEGAL JURISDICTION OF THE COLLATERAL BEING PROVIDED	<p>England & Wales (subject to any mandatory rules applicable to the Collateral Obligor under the laws of Hong Kong).</p>
MATURITY DATE OF THE COLLATERAL BEING PROVIDED	<p>Date on which the liabilities of the Collateral Obligor to the Issuer are repaid in full.</p>
INDICATION OF SIGNIFICANT REPRESENTATIONS AND COLLATERALS	<p>The Collateral Obligor has undertaken to grant a first ranking floating charge to the Issuer over its entire assets and undertaking. The charge will be first-ranking upon its grant, subject to registration with the Commercial Register in Hong Kong. This floating</p>

<p>GIVEN TO THE ISSUER RELATING TO THE COLLATERAL</p>	<p>charge shall cover among other matters the Collateral Obligor's shares in KGN, because they are an asset of the Collateral Obligor.</p> <p>If the Issuer requires a DSCR account to be set up by the Collateral Obligor, then the balance from time to time under a DSCR account will also comprise an asset of the Collateral Obligor, and will as such be covered by the floating charge. In any event, the DSCR account shall be separately pledged to the Issuer.</p> <p>The owners of the Collateral Obligor, have also as stated above undertaken to pledge by way of further security 100% of the shares in the Collateral Obligor in favour of the Issuer.</p> <p>The Collateral Obligor is required to provide to the Issuer (for itself and KGN) quarterly management accounts (comprised in a profit and loss account and balance sheet), and annual audited accounts, together with such other information as the Issuer may reasonably require from time to time. The Collateral Obligor will also provide a summary of its loan book to KGN, as well as a report as to the ongoing use of funds by KGN on a quarterly basis. Noteholders are not entitled to review such documentation, although the Issuer shall make an announcement in case there is any actual or threatened default of the Series.</p> <p>On completion under the SPA, KGN will guarantee the obligations of the Collateral Obligor to the Issuer. More information on the nature and scope of these guarantees is included in Appendix 2.</p> <p>Securitization Bonds are subscribed by the Issuer subject to a retention policy of 8% of the subscription proceeds remaining with the Issuer in cash and liquid assets in order to provide a minimum level of liquidity for the Series. In addition, the Collateral Obligor has undertaken to procure that a specific dedicated DSCR account is established and maintained to hold 6 months' interest under the Securitization Bonds from time to time prior to the commencement of extraction and resale of minerals from the Mine. Accordingly, the Collateral Obligor in the ordinary course should have the means available to it throughout any Series to service the Securitization Bonds.</p>
<p>OVERVIEW OF THE TERMS AND CONDITIONS OF THE COLLATERAL AND SALE</p>	<p>The Collateral is comprised in cash and other liquid assets of the Issuer in relation to the Series for this Collateral Obligor, and the Securitization Bonds for such Series, all of which are secured on the assets and undertaking of the Collateral Obligor's business as stated above.</p>
<p>MATURITY OF THE SERIES</p>	<p>30 June 2025</p>
<p>INTEREST RATE OF SERIES</p>	<p>9.75 %</p>
<p>PRIMARY CURRENCY OF THE SERIES</p>	<p>GBP</p>
<p>MATURITY OF THE SECURITISATION BONDS</p>	<p>30 June 2025</p>

INTEREST RATE OF SECURITISATION BONDS	10.75 %
PRIMARY CURRENCY OF THE SECURITIZATION BONDS	GBP
REDEMPTION VALUATIONS DAYS	Not applicable prior to maturity of the Series.
REDEMPTION NOTICE PERIOD	Not applicable.
COMPANY STRATEGY AND PURPOSE OF SECURITISATION BONDS	<p>As stated above, the purpose of the Securitization Bonds is twofold:</p> <p>(a) to refinance the GBP 2 million purchase price under the SPA for 99.74 % of the shares in KGN, which includes the repayment of liabilities of KGN in the amount of approximately GBP 1.2 million; and</p> <p>(b) as working capital to KGN in relation to the capital expenditure stated in the business plan and cashflow forecast of Collateral Obligor so as to gainer greater production capacity and profitability.</p>
RISK FACTORS OF THE SECURITIZATION BONDS	<p>SPA risk</p> <p>The acquisition of KGN occurs under the terms of the SPA, which is conditional among other matters on a payment schedule being observed for the applicable price. Accordingly, until such time as there is direct recourse to KGN for liabilities in connection with the Series, or the SPA is fully unconditional, it may become void or voidable under its terms, such that KGN ceases to be held by the Collateral Obligor. It may also be the case that other matters under Russian law affect the validity of the SPA, which again may affect the security of any Series unless and until there is direct recourse of the Noteholders against KGN.</p> <p>Emerging Markets Risk:</p> <p>Risks of investing in emerging markets include, among others, greater political and economic instability, greater volatility in currency exchange rates, less developed securities markets, possible trade barriers, currency transfer restrictions, a more limited number of potential buyers and issuers, an emerging market country's dependence on revenue from particular commodities or international aid, less governmental supervision and regulation, unavailability of currency hedging techniques, differences in auditing and financial reporting standards, and less developed legal systems.</p> <p>There is also the potential for unfavourable action such as expropriation, nationalization, embargo, and acts of war. Market disruptions or substantial market corrections may limit very significantly the liquidity of securities of certain companies in a particular country or geographic region, or of all companies in the country or region.</p> <p>The Collateral Obligor may be unable to liquidate its positions in such securities at any time, or at a favourable price, in order to meet its obligations.</p>

	<p>Energy Sector Risk:</p> <p>Businesses in energy-related industries can be significantly affected by fluctuations in energy prices and supply and demand of energy fuels. Markets for various energy-related commodities can have significant volatility, and are subject to control or manipulation by large producers or purchasers. Companies in the energy sector may need to make substantial expenditures, and to incur significant amounts of debt, in order to maintain or expand their reserves. Oil and gas exploration and production can be significantly affected by natural disasters as well as changes in exchange rates, interest rates, government regulation, world events and economic conditions. These companies may be at risk for environmental damage claims.</p> <p>Oil and Gas Sector:</p> <p>The KGN Oil Business is subject to all of the risks and hazards inherent in businesses involved in the exploration for, and the acquisition, development, production and marketing of, oil and natural gas. Many of these risks and hazards cannot be overcome even with a combination of experience and knowledge and careful evaluation.</p> <p>Among other matters, the oil and gas sector is subject to commodity price fluctuations which may adversely impact the results of operations, financial conditions and prospects of the Company.</p> <p>Failure to discover new reserves, enhance existing reserves or adequately develop new prospects could adversely affect the Company's business.</p> <p>The KGN Oil Business may be unable to retain or renew required drilling or exploration and extraction rights and concessions, licences, permits and other authorisations and/or such concessions, rights, licences, permits and other authorisations may be suspended, terminated or revoked prior to their expiration.</p> <p>Drilling operations are vulnerable to unforeseen natural disasters, operating difficulties and damage to or breakdown of a physical asset, any of which could have a material impact on the productivity of the operations and not all of which may be covered by insurance. The risks and hazards typically associated with oil and gas operations include: fire, explosion, blowouts, sour gas releases, pipeline ruptures and oil spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property, the environment or personal injury, which would have a material adverse effect on KGN's business, prospects and results of operations if realized.</p> <p>Exploration, development and production activities are capital intensive and inherently uncertain in their outcome. As a result, KGN may not generate a return on its investments or recover its costs and it may not be able to generate cash flows or secure adequate financing for its discretionary capital expenditure plans.</p> <p>Key man risk:</p> <p>The KGN Oil Business depends on its key senior management and on its ability to retain and hire new qualified personnel and consultants. The loss of or diminution in the services of one or more of the senior management, or the inability to attract, retain and maintain additional senior management personnel, could have a material adverse effect on the overall business, prospects, financial condition and results of operations. Improvements planned to be attained may not be attained as anticipated in the business plan or at all. KGN has not obtained key person insurance in respect of the lives of any key personnel.</p>
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	<p>Transportation risks:</p> <p>KGN relies on transportation systems owned and operated by third parties which may become unavailable. KGN may be unable to access these or alternative transportation systems. Any reduction or cessation in the availability of rail infrastructure, whether due to serious malfunctions, security issues, political developments or other force majeure events, could have a material adverse effect on KGN's business, prospects, financial condition and results of operations.</p> <p>Reserves</p> <p>Estimates of oil and gas reserves are uncertain and any material inaccuracies in these reserve estimates will materially affect the quantities and the value of our reserves. The level of KGN's reserves, their quality and production volumes may be lower than estimated or expected and KGN may therefore be unable to produce its estimated levels or quality of products, which would have a material adverse effect on KGN's business, prospects, financial condition and results of operations.</p> <p>KGN may also be unable to comply with its regulatory obligations which could lead to the suspension, revocation or termination of any of permits or agreements which could have a material adverse effect on KGN's business, prospects, financial condition and results of operations.</p> <p>Actual future production, oil and gas prices, revenues, taxes, development expenditures, operating expenses and quantities of recoverable oil and gas reserves will vary from those estimated. Any significant variance could materially affect the estimated quantities and the value of our reserves. Our properties may also be susceptible to hydrocarbon drainage from production by other operators on adjacent properties. In addition, we may adjust estimates of proved reserves to reflect production history, results of exploration and development, prevailing oil and gas prices and other factors, many of which are beyond our control.</p> <p>Recovery of undeveloped reserves requires significant capital expenditures and successful drilling operations. The reserve data assumes that KGN will make capital expenditures to develop the reserves. It is unclear whether the estimations of that expenditure are complete and accurate as compared with the actual required expenditure.</p> <p>Our exploration and development drilling efforts and the operation of wells in the Oil Field may not be profitable or achieve the targeted returns.</p> <p>Different legal system and litigation:</p> <p>KGN's oil exploration and appraisal activities are located in countries with legal systems that in various degrees differ from that of Ireland. If KGN were to become involved in legal disputes in order to defend or enforce any of its rights or obligations under such concessions, licenses, agreements or otherwise, such disputes or related litigation may be costly, time consuming and the outcome may be highly uncertain. Moreover, even if KGN would prevail in such dispute or litigation, it may still have a substantially negative effect on KGN and its operations.</p> <p>Competition:</p> <p>The petroleum industry is intensely competitive in all aspects including the acquisition of oil and gas interests, the marketing of oil and natural gas and the acquiring or gaining access to necessary drilling and other equipment and supplies. If KGN is not successfully</p>
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	<p>competing with its competitors, it could have a material adverse effect on the KGN Oil Business, prospects and results of operations.</p> <p>Environmental regulation:</p> <p>Drilling for, production, handling, transporting and disposing of oil and gas and petroleum by-products are subject to extensive regulation under national and local environmental laws. Any penalties or other sanctions imposed on KGN for non-compliance with environmental regulations could have a material adverse effect on KGN's business, prospects and results of operations. Availability of equipment and staff – KGN's oil exploration and development activities are dependent on the availability of drilling and related equipment and qualified staff in the particular areas where such activities are or will be conducted. Shortages of such equipment or staff may affect the availability of such equipment to KGN and may delay KGN's exploration and development activities and result in lower production.</p>
<p>INSPECTION DOCUMENTS</p>	<p>For as long as the securities are listed on the Official List of Euronext Dublin and admitted to trading on the Global Exchange Market the following documents are open to inspection at the registered office of the Issuer in relation to this Collateral Obligor:</p> <ol style="list-style-type: none"> 1. Business Plan and Cashflow forecast for the Collateral Obligor dated October 2019. 2. The biographies of: <ol style="list-style-type: none"> (a) Andrey Sergeev (b) Rais Abishin (c) Victor Yakushev (d) Denis Orlov (e) Adilzhan Kaliyev 3. Memorandum and articles of association of the Collateral Obligor. 4. The Guarantee entered into between KGN and the Issuer.

SCHEDULE 1 THE OIL FIELD



SCHEDULE 2
INFORMATION RELATING TO KGN

NAME OF THE COLLATERAL OBLIGOR	Open Joint Stock Company, Kaliningradneft
JURISDICTION OF INCORPORATION	Russian Federation
REGISTERED ADDRESS	236039, Kaliningrad region, Kaliningrad, Portovaya Street, 32A
LEGISLATION UNDER WHICH THIS OBLIGOR OPERATES	Russian Federation
LEGAL FORM	Open Joint Stock Company
DATE OF INCORPORATION	7 June 1996 (becoming a joint stock company on 24 January 2001)
REGISTERED NUMBER	1023901861631
SHARE CAPITAL	4,920,018 ordinary, personal, uncertificated shares of 1 ruble each
SHAREHOLDERS	As to 100% of the shares stated above, save that 4,907,226 shares of 1 ruble each are being transferred to the Collateral Obligor according to the SPA. Vladimir Alexandrovich Bordovskiy Whose correspondence address is 236039, Kaliningrad region, Kaliningrad, Portovaya Street, 32A
DIRECTORS	Tevosov Vachagan Voganovich is the general director of KGN. His correspondence address is 236039, Kaliningrad region, Kaliningrad, Portovaya Street, 32A.
FINANCIAL YEAR END	31 December
AUDITORS	KGN is audited by GCAP AVDEEV and K0 of 236010, Kaliningrad, Marat st., 2. GCAP "AVDEEV & K0" is a member of the Self-Regulatory Organization of Auditors Association "Sodruzhestvo" (SRO AAS) registration number of record (PRNE) 11606055401 dated November 11, 2016.
HISTORICAL FINANCIAL INFORMATION / FINANCIAL STATEMENTS	The audited accounts for KGN for the years ended 31 December 2017 and 31 December 2018 are attached at Appendix 3 and 4, respectively. Unaudited management accounts for KGN for the period ended 31 December 2019 are open to inspection in physical form at the registered office of the Issuer.
OVERVIEW OF THE PRINCIPAL ACTIVITIES OF THE COMPANY	KGN carries on the KGN Oil Business as stated above, and has done so since 1991.

MATERIAL ADVERSE CHANGE / LEGAL AND ARBITRATION	<p>The Collateral Obligor has confirmed that there has been no material adverse change in the prospects of KGN as a whole since its last audited financial statements.</p> <p>The Collateral Obligor has also confirmed that there has been no significant change in the financial or trading position of KGN since the end of the last financial period for which either audited financial information or interim financial information have been published.</p> <p>Further, the Collateral Obligor's directors are not aware of any governmental, legal or arbitration proceedings during a period covering at least the previous 12 months, which may have, or have had in the past, any effect on KGN's financial position or profitability.</p>
CONFLICTS OF INTEREST	<p>There is no conflict of interest between KGN, its officers, affiliates their officers and the Issuer or the Issuer's directors as at the date of issue of the Series.</p>
LEGAL JURISDICTION OF THE COLLATERAL BEING PROVIDED	<p>Lending arrangements between the West Oil Projects Limited (as Collateral Obligor) and KGN are to be governed by the laws of the Russian Federation.</p>
MATURITY DATE OF THE COLLATERAL BEING PROVIDED	<p>Date on which the liabilities of the Collateral Obligor to the Issuer are repaid in full.</p>
INDICATION OF SIGNIFICANT REPRESENTATIONS AND COLLATERALS GIVEN TO THE ISSUER RELATING TO THE COLLATERAL	<p>The Collateral Obligor is required to provide to the Issuer quarterly management accounts (comprised in a profit and loss account and balance sheet), and annual audited accounts, all of KGN (in addition to the Collateral Obligor itself), together with such other information as the Issuer may reasonably require from time to time. The Collateral Obligor will also provide a summary of its loan book to KGN, as well as a report as to the ongoing use of funds by KGN on a quarterly basis. Noteholders are not entitled to review such documentation, although the Issuer shall make an announcement in case there is any actual or threatened default of the Series.</p> <p>The Issuer has a right to require the opening and maintained of a DSCR account in which shall be deposited from time to time at least six months' debt service under the Securitization Bonds. If this right is exercised, the DSCR account is to be pledged by way of security to the Issuer.</p> <p>Securitization Bonds are subscribed by the Issuer subject to a retention policy of 8% of the subscription proceeds remaining with the Issuer in cash and liquid assets in order to provide a minimum level of liquidity for the Series.</p>
NATURE AND SCOPE OF GUARANTEE	<p>KGN as guarantor and the Issuer as lender have agreed to enter into a guarantee and indemnity for the purpose of providing credit support to the Issuer for the liabilities from time to time outstanding of the Collateral Obligor, in its capacity as borrower, to the Issuer (the "Guarantee").</p> <p>The Guarantee provides that In consideration of the Issuer making or continuing loans to, giving credit or granting banking facilities,</p>

	<p>accommodation or time to the Collateral Obligor, in its capacity as borrower as the Issuer in its absolute discretion sees fit, KGN guarantees to the Issuer, whenever the Collateral Obligor does not pay any of the Guaranteed Obligations when due, to pay on demand the Guaranteed Obligations.</p> <p>KGN as principal obligor and as a separate and independent obligation and liability from its obligations and liabilities under the Guarantee agrees to indemnify and keep indemnified the Issuer in full and on demand from and against all and any losses, costs, claims, liabilities, damages, demands and expenses suffered or incurred by the Issuer arising out of, or in connection with, the Guaranteed Obligations not being recoverable for any reason or any failure of the Collateral Obligor to perform or discharge any of its obligations or liabilities in respect of the Guaranteed Obligations.</p> <p>The entry into of the Guarantee is conditional on the closure of the sale of KGN to the Collateral Obligor.</p> <p>For these purposes “Guaranteed Obligations” means all monies, debts and liabilities of any nature from time to time due, owing or incurred by the Collateral Obligor to the Issuer on any current or other account under or in connection with any present or future banking or credit facilities provided by the Issuer to the Collateral Obligor.</p>
OVERVIEW OF THE TERMS AND CONDITIONS OF THE COLLATERAL AND SALE	The Collateral is comprised in cash or other liquid assets, the Securitization Bonds and the assets and undertaking of the Collateral Obligor's business, including the shares in KGN upon the SPA becoming unconditional, the loan book against KGN and the DSCR Account (if applicable).
MATURITY OF THE SERIES	30 June 2025
INTEREST RATE OF SERIES	9.75 %
PRIMARY CURRENCY OF THE SERIES	GBP
MATURITY OF THE SECURITISATION BONDS	30 June 2025
INTEREST RATE OF SECURITISATION BONDS	10.75 %
PRIMARY CURRENCY OF THE SECURITIZATION BONDS	GBP
REDEMPTION VALUATIONS DAYS	Not applicable prior to maturity of the Series.
REDEMPTION NOTICE PERIOD	Not applicable.

COMPANY STRATEGY AND PURPOSE OF SECURITISATION BONDS	As stated above, the purpose of the Securitization Bonds is twofold: <ul style="list-style-type: none"> (a) to refinance the GBP 2 million purchase price under the SPA for 99.74 % of the shares in KGN, which includes the repayment of liabilities of KGN in the amount of approximately GBP 1.2 million; and (b) as working capital to KGN in relation to the capital expenditure stated in the business plan and cashflow forecast of Collateral Obligor so as to realise greater production capacity and profitability.
RISK FACTORS OF THE SECURITIZATION BONDS	See the risk factors associated with the Collateral Obligor.
INSPECTION DOCUMENTS	For as long as the securities are listed on the Official List of Euronext Dublin and admitted to trading on the Global Exchange Market the following documents are open to inspection at the registered office of the Issuer in relation to this Collateral Obligor: <ol style="list-style-type: none"> 1. A copy of the commercial register extract for KGN, translated into English. Note: under the laws of the Russian Federation, the memorandum of association is set out in an extract of the commercial register 2. A copy of the articles of association of KGN translated into English. 3. All reports, letters, and other documents, valuations and statements prepared by any expert at the Issuer's request any part of which is included or referred to in the Listing Particulars. 4. Audited financial statements for KGN for the period ended 31 December 2017. 5. Audited financial statements for KGN for the period ended 31 December 2018. 6. Unaudited management accounts for KGN for the period ended 31 December 2019 are open to inspection in physical form at the registered office of the Issuer.

APPENDIX 3

AUDITED FINANCIAL STATEMENTS FOR KGN FOR THE PERIOD ENDED 31 DECEMBER 2017

**AUDIT REPORT
OF INDEPENDENT AUDITOR
"AVDEEV & K⁰" GCAP**

**drafted in respect of
attached financial statements
drawn up by**

**Kaliningradneft OJSC
for the year ending 2017**

**Russia, Kaliningrad
June 25, 2018**

AUDIT REPORT OF INDEPENDENT AUDITOR

for shareholders of Kaliningradneft

Opinion

Herewith the annual financial statements attached have been audited- Kaliningradneft Open Joint-Stock Company (PSRN: 1023901861631. Legal address 236039, Kaliningrad Portovaya st., 32-A.), including the balance sheet as of December 31, 2017, financial statements, appendices to the balance sheet and financial statements, as well as the statement of equity changes and cash flow statement as of 2017, explanations to the balance sheet and financial statements, including the main provisions of accounting policy.

In our opinion, the annual financial statements attached accurately reflect the financial condition of Kaliningradneft OJSC in all material respects as of December 31, 2017, its financial results and cash flows for 2017 drafted in accordance with accounting principles set forth in the Russian Federation.

Basis for qualified opinion

Other non-current assets in line 1190 of the balance sheet include expenses in the amount of 17,908 thousand rubles for works performed at oil producing well in 2010. The auditor was not able to perform audit procedures to establish the nature of the costs incurred, respectively, we could not determine whether these costs are capital investments that increase the book value of the well (fixed assets) or should be attributed to the financial result of previous years.

We conducted the audit in accordance with the International Auditing Standards (IAS). Our responsibility in accordance with this standards is described in section “Auditor’s Responsibility for the Annual Accounting Statements Audited” of present report. We are independent company in respect of the entity audited upon the Rules applicable to the Independence of Auditors and Auditing Organizations and the Code of Ethics for Professional Auditors, consistent with the Code of Ethics for Professional Accountants developed by the Council of the International Ethics Standards for professional accountants, and we have fulfilled other obligations in accordance with these professional ethics standards. We believe that audit evidences obtained are sufficient and appropriate to warrant our opinion.

Responsibility of the audited entity management for the annual accounting reporting

The management is responsible for the preparation and fair presentation of these annual financial statements upon the accounting principles set forth in the Russian Federation, as well as

for the internal control system the management believes relevant for the preparation of annual financial statements that does not contain any material misstatement due to fraud or error.

While drafting the annual financial statements, the management keeps responsible for assessing the ability of the entity audited to continue its operations continuously, for disclosing the information related to business continuity, as appropriate, and making reports based on the business continuity assumption, unless management intends to eliminate the entity audited, terminate its activities or when there is no any other viable alternative, except for winding-up or business termination.

Auditor's responsibility for the annual financial statements audited

Our goal is to obtain reasonable assurance that annual financial statements are free from any material misstatement due to fraud or error, as well as while drafting the audit's report containing our opinion. The reasonable assurance constitutes the high degree of assurance, but it cannot guarantee that the audit conducted in accordance with IAS always reveals the material misstatements, if any. The misstatements may be caused by any fraud or error and they are taken as significant if it can be reasonably assumed that individually or in combination they may affect the economic decisions of users taken based on the present annual financial statements.

As part of the audit conducted in accordance with IAS, we use the professional judgment and keep the professional skepticism at all times during the audit. In addition, we:

a) identify and assess the risks of material misstatement of the annual financial statements due to fraud or error; we develop and conduct the audit procedures in response to these risks; we obtain the audit evidence sufficient and appropriate to constitute the basis for our opinion. The risk of non-detection of material misstatement caused by fraud is higher than the risk of non-detection of material misstatement caused by error, since the fraud may include the conspiracy, forgery, intentional omission, misrepresentation of information or any actions avoiding the internal control system;

b) understand the internal control system relevant to the audit, aimed to develop the audit procedures appropriate to the circumstances, but not aimed to express the opinion on the internal control system performance of the entity audited;

c) evaluate the appropriateness of the accounting policy applied, validity of accounting valuations and related disclosures performed by the management of the entity audited;

d) conclude on the legitimate assumption of business continuity applied by the management of the entity audited and based on the audit evidence - conclusion if there is any significant uncertainty in connection with any events or conditions causing the considerable doubts may arise in the capability of the entity audited to run its activities continuously. If we find any material uncertainty, we shall draw attention to the relevant disclosures in the annual financial statements in our audit report or, if such disclosures are inappropriate, we shall modify our opinion. Our findings are based on the audit evidence obtained prior to the date of audit report. However, future events or conditions may cause the entity audited to lose its capability to run its activities continuously;

e) evaluate the annual financial statements presentation as a whole, its structure and content, including the information disclosure, as well as whether the annual financial statements represent the underlying operations and events in such a way to ensure their reliable presentation.

We keep information interaction with the management of the entity audited, bring to their attention, among others, the information on the planned scope and timing of the audit, as well as

significant comments on the audit findings, including significant deficiencies in the internal control system identified during the audit.

Executive Officer
GCAP "AVDEEV & K⁰"

Avdeev Yuriy Borisovich

_____ **Avdeev Y.B.**

(Head of the Audit Assignment
PNRE: 21706029685)

Information about the Auditor: General Consulting and Auditing Partnership "AVDEEV and K⁰" Short name: GCAP "AVDEEV and K⁰". PNRE: 1023900587347. TIN: 3904019233. Location: 236010, Kaliningrad, Marat st., 2. GCAP "AVDEEV & K⁰" is a member of the Self-Regulatory Organization of Auditors Association "Sodruzhestvo" (SRO AAS) registration number of record (PRNE) 11606055401 dated November 11, 2016.

dated June 25, 2018

Balance Sheet
as of 31 December 2017

Organization **Kaliningradneft Open Joint Stock Company**

Taxpayer's Identification Number

Business activity **Crude oil production**

Legal form / form of ownership

Open Joint Stock Companies / Private ownership

Unit: in thousand rubles

Location (address)

32A Portovaya Street, Kaliningrad, Kaliningrad region, 236039

	Codes		
Form of OKUD	0710001		
Date (day, month, year)	31	12	2017
OKPO	25828606		
TIN	3908021385		
OKVED	06.10.1		
OKOPF/OKFS	47	34	
OKEI	384		

Notes	Indicator	Code	As of 31 December 2017	As of 31 December 2016	As of 31 December 2015
	ASSETS				
	I. NON-CURRENT ASSETS				
	Intangible assets	1110	-	-	-
	Research and development results	1120	-	-	-
	Intangible search assets	1130	-	-	-
	Tangible search assets	1140	-	-	-
	Fixed assets	1150	13 762	23 794	33 971
	Profitable investments in material values	1160	-	-	-
	Financial investments	1170	74	890	1 890
	Deferred tax assets	1180	13 645	8 128	1 671
	Other non-current assets	1190	18 780	19 250	19 250
	Section I, total	1100	46 262	52 062	56 782
	II. CURRENT ASSETS				
	Stocks	1210	17 227	20 412	19 871
	Value added tax on acquired values	1220	-	-	-
	Accounts receivable	1230	6 362	6 681	7 894
	Financial investments (excluding cash equivalents)	1240	130	130	100
	Cash and cash equivalents	1250	1 041	345	1 241
	Other current assets	1260	334	1 242	1 874

	Section II,total	1200	25 093	28 809	30 982
	BALANCE	1600	71 355	80 871	87 764

Notes	Indicator	Code	As of 31 December 2017	As of 31 December 2016	As of 31 December 2015
	LIABILITY				
	III. CAPITAL AND RESERVES				
	Authorized capital (share capital, charter fund, contributions of partners)	1310	4 920	4 920	4 920
	Own shares repurchased from shareholders	1320	-	-	-
	Revaluation of non-current assets	1340	-	-	-
	Additional paid-in capital (without revaluation)	1350	4 603	4 603	4 603
	Reserve capital	1360	738	738	738
	Retained earnings (uncovered loss)	1370	2 200	31 627	55 115
	Section III, total	1300	12 461	41 888	65 376
	IV. LONG-TERM LIABILITIES				
	Borrowed funds	1410	-	-	-
	Deferred tax liabilities	1420	425	348	137
	Estimated liabilities	1430	-	-	-
	Other liabilities	1450	-	-	-
	Section IV, total	1400	425	348	137
	V. SHORT-TERM LIABILITIES				
	Borrowed funds	1510	3 744	3 232	350
	Accounts payable	1520	52 012	32 632	21 900
	Revenue of the future periods	1530	-	-	-
	Estimated liabilities	1540	2 711	2 772	-
	Other liabilities	1550	-	-	-
	Section V, total	1500	58 467	38 635	22 250
	BALANCE	1700	71 354	80 871	87 764

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/signed/

Soldatova Natalya Andreevna

(signature)

(printed name)

30 March 2018

**Statement of Financial Results
for January - December 2017**

	Codes		
Form of OKUD	0710002		
Date (day, month, year)	31	12	2017
Organization <u>Kaliningradneft Open Joint Stock Company</u>	OKPO 25828606		
Taxpayer's Identification Number	TIN 3908021385		
Business activity <u>Crude oil production</u>	OKVED 06.10.1		
Legal form / form of ownership	47	34	
<u>Open Joint Stock Companies / Private ownership</u>	OKEI 384		

Unit: in thousand rubles

Location (address)

32A Portovaya Street, Kaliningrad, Kaliningrad region, 236039

Notes	Indicator	Code	For January – December 2017	For January – December 2016
	Revenue	2110	104 329	107 955
	Cost of sales	2120	(87 820)	(76 749)
	Gross profit (loss)	2100	16 509	31 206
	Selling expenses	2210	-	(8)
	Management expenses	2220	(49 321)	(50 025)
	Profit (loss) from sales	2200	(32 812)	(18 827)
	Income from participation in other organizations	2310	-	-
	Interest receivable	2320	-	-
	Interest payable	2330	(419)	(474)
	Other income	2340	2 468	1 346
	Other expenses	2350	(3 152)	(11 766)
	Profit (loss) before tax	2300	(33 915)	(29 721)
	Current income tax	2410	-	-
	including permanent tax liabilities (assets)	2421	789	-
	Change in deferred tax liabilities	2430	(78)	(210)
	Change in deferred tax assets	2450	6 072	6 457
	Other	2460	(1 506)	(14)
	Net income (loss)	2400	(29 472)	(23 488)

Notes	Indicator	Code	For January – December 2017	For January – December 2016
	Result from revaluation of non-current assets not included in net profit (loss) of the period	2510	-	-
	Result from other operations not included in net profit (loss) of the period	2520	-	-
	Total financial result of the period	2500	(29 427)	(23 488)
	FOR INFORMATION			
	Basic earnings (loss) per share	2900	-	-
	Diluted earnings (loss) per share	2910	-	-

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*/signed/***Soldatova Natalya Andreevna**_____
(signature)_____
(printed name)_____
30 March 2018

**Statement of Changes in Equity
for January - December 2017**

Organization **Kaliningradneft Open Joint Stock Company**

Taxpayer's Identification Number

Business activity **Crude oil production**

Legal form / form of ownership

Open Joint Stock Companies / Private ownership

Unit: in thousand rubles

Location (address)

32A Portovaya Street, Kaliningrad, Kaliningrad region, 236039

	Codes		
Form of OKUD	0710003		
Date (day, month, year)	31	12	2017
OKPO	25828606		
TIN	3908021385		
OKVED	06.10.1		
OKOPF/OKFS	47	34	
OKEI	384		

1. Capital Flow

Indicator	Code	Authorized capital	Own shares repurchased from shareholders	Additional fund	Reserve fund	Retained earnings (uncovered loss)	Total
Equity as of 31 December 2015	3100	4 920	-	4 603	738	55 115	65 376
<u>For 2016</u>							
Capital increase - total:	3210	-	-	-	-	-	-
including:							
net income	3211	X	X	X	X	-	-
revaluation of property	3212	X	X	-	X	-	-
direct capital gains	3213	X	X	-	X	-	-
additional issue of shares	3214	-	-	-	X	X	-

increase in par value of shares	3215	-	-	-	X	-	X
reorganization of legal entity	3216	-	-	-	-	-	-

Indicator	Code	Authorized capital	Own shares repurchased from shareholders	Additional paid-in capital	Reserve capital	Retained earnings (uncovered loss)	Total
Capital reduction - total:	3220	-	-	-	-	(23 489)	(23 489)
including:							
loss	3221	X	X	X	X	(23 489)	(23 489)
revaluation of property	3222	X	X	-	X	-	-
expenses directly attributable to decrease in capital	3223	X	X	-	X	-	-
reduction in nominal value of shares	3224	-	-	-	X	-	-
reduction in number of shares	3225	-	-	-	X	-	-
reorganization of legal entity	3226	-	-	-	-	-	-
dividends	3227	X	X	X	X	-	-
Change in additional paid-in capital	3230	X	X	-	-	-	X
Change in reserve capital	3240	X	X	X	-	-	X
Amount of capital as of 31 December 2017	3200	4 920	-	4 603	738	31 627	41 888
<u>For 2018</u>							
Capital increase - total:	3310	-	-	-	-	-	-
including:							
net income	3311	X	X	X	X	-	-
revaluation of property	3312	X	X	-	X	-	-
direct capital gains	3313	X	X	-	X	-	-
additional issue of shares	3314	-	-	-	X	X	-
increase in par value of shares	3315	-	-	-	X	-	X

reorganization of legal entity	3316	-	-	-	-	-	-
Decrease in capital - total:	3320	-	-	-	-	(29 426)	(29 426)
including:							
loss	3321	X	X	X	X	(29 426)	(29 426)
revaluation of property	3322	X	X	-	X	-	-
expenses directly attributable to decrease in capital	3323	X	X	-	X	-	-
reduction in par value of shares	3324	-	-	-	X	-	-
reduction in number of shares	3325	-	-	-	X	-	-
reorganization of legal entity	3326	-	-	-	-	-	-
dividends	3327	X	X	X	X	-	-
Change in additional paid-in capital	3330	X	X	-	-	-	X
Change in reserve capital	3340	X	X	X	-	-	X
Amount of capital as of 31 December 2018	3300	4 920	-	4 603	738	2 200	12 461

2. Adjustments due to changes in accounting policies and correction of errors

Indicator	Code	As of 31 December 2015	Changes in equity for 2016		As of 31 December 2016
			due to net profit (loss)	due to other factors	
Capital - total					
before adjustments	3400	-	-	-	-
adjustment due to:					
change in accounting policy	3410	-	-	-	-
correction of errors	3420	-	-	-	-
after adjustments	3500	-	-	-	-
including:					
retained earnings (uncovered loss):					
before adjustments	3401	-	-	-	-
adjustment due to:					
change in accounting policy	3411	-	-	-	-
correction of errors	3421	-	-	-	-
after adjustments	3501	-	-	-	-
before adjustments	3402	-	-	-	-
adjustment due to:					
change in accounting policy	3412	-	-	-	-
correction of errors	3422	-	-	-	-
after adjustments	3502	-	-	-	-

3. Net Assets

Indicator	Code	As of 31 December 2017	As of 31 December 2016	As of 31 December 2015
Net assets	3600	12 462	41 888	65 377

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(signature)

Soldatova Natalya Andreevna

(printed name)

30 March 2018

**Cash Flow Statement
for January - December 2017**

Organization **Kaliningradneft Open Joint Stock Company**

Taxpayer's Identification Number

Business activity **Crude oil production**

Legal form / form of ownership

Open Joint Stock Companies / Private ownership

Unit: in thousand rubles

Location (address)

32A Portovaya Street, Kaliningrad, Kaliningrad region, 236039

	Codes		
Form of OKUD	0710004		
Date (day, month, year)	31	12	2017
OKPO	25828606		
TIN	3908021385		
OKVED	06.10.1		
OKOPF/OKFS	47	34	
OKEI	384		

Indicator	Code	For January – December 2017	For January – December 2016
Cash flows from current operations			
Income - total	4110	98 684	111 749
including:			
from sale of products, goods, works and services	4111	96 485	111 749
rent payments, license payments, royalties, commissions and other similar payments	4112	-	-
from resale of financial investments	4113	-	-
VAT compressed	4114	-	-
other inflows	4119	2 199	-
Payments - total	4120	(103 435)	(115 382)
including:			
to the suppliers (contractors) for raw materials, materials, work, services	4121	(17 013)	(35 528)
in connection with payment of salaries to the employees	4122	(27 934)	(27 438)
interests on debt obligations	4123	(162)	(312)
corporate income tax	4124	(1)	(37)
	4125	-	-
other payments	4129	(58 325)	(52 067)
Current cash balance	4100	(4 751)	(3 633)
Cash flows from investing operations			
Inflows - total	4210	50	126
including:	4211	-	126

from sale of non-current assets (other than financial investments)			
from sale of shares of other organizations (participatory interests)	4212	-	-
from repayment of loans granted, from sale of debt securities (rights to claim funds to other persons)	4213	50	-
dividends, interests on debt financial investments and similar inflows from equity participation in other organizations	4214	-	-
	4215	-	-
other inflows	4219	-	-
Payments - total	4220	-	(110)
including:			
in connection with acquisition, creation, modernization, reconstruction and preparation for use of non-current assets	4221	-	-
in connection with acquisition of shares in other organizations (participatory interests)	4222	-	-
in connection with acquisition of debt securities (the right to claim funds to other persons), provision of loans to other persons	4223	-	(110)
interests on debt obligations included in the cost of an investment asset	4224	-	-
	4225	-	-
other payments	4229	-	-
Balance of cash flows from investment operations	4200	50	50

Indicator	Code	For January – December 2017	For January – December 2016
Cash flows from financial transactions			
Inflows - total	4310	6 097	12 300
including:			
obtaining loans and borrowings	4311	6 097	12 300
cash contributions of owners (participants)	4312	-	-
from issue of shares, increase in participatory interests	4313	-	-
from issue of bonds, bills of exchange and other debt securities, etc.	4314	-	-
	4315	-	-
other inflows	4319	-	-
Payments - total	4320	(700)	(9 579)
including			
to owners (participants) in connection with redemption of their shares (participatory interests) of the organization or their withdrawal from the participants:	4321	-	-
for payment of dividends and other payments for profit distribution in favor of owners (participants)	4322	-	-
in connection with repayment (redemption) of bills of exchange and other loan securities, repayment of loans	4323	(700)	(9 579)
	4324	-	-
other payments	4329	-	-
Balance of cash flows from financial transactions	4300	5 397	2 721
Balance of cash flows for the reporting period	4400	696	(896)
Balance of cash and cash equivalents at the beginning of the reporting period	4450	345	1 241
Balance of cash and cash equivalents at the end of the reporting period	4500	1 041	345
Effect of exchange rate changes against the ruble	4490	-	-

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/signed/

Soldatova Natalya Andreevna

(signature)

(printed name)

30 March 2018

2.2. Incomplete capital investments

Indicator	Code	Period	At the beginning of the year	Changes for the period			At the end of the period
				expenses for the period	written-off	accepted as fixed assets or increased cost	
Construction in progress and unfinished transactions for acquisition, modernization, etc. of fixed assets - total	5240	for 2017	19 250	-	(470)	-	18 780
	5250	for 2016	19 250	1	(1)	-	19 250
including:	5241	for 2017	50	-	50	-	-
Tanks II cat. (50cu.m.)	5251	for 2016	50	-	-	-	50
Tanks II cat. (60 cu.m.)	5242	for 2017	360	-	360	-	-
	5252	for 2016	360	-	-	-	360
Tanks II cat. (75cu.m.)	5243	for 2017	60	-	60	-	-
	5253	for 2016	60	-	-	-	60
Insulator IPOF-25 dehydrator	5244	for 2017	30	-	-	-	30
	5254	for 2016	30	-	-	-	30
Insulator IPF-25 dehydrator	5254	for 2017	51	-	-	-	51
	5245	for 2016	51	-	-	-	51
Power source IPM-15 dehydrator	5246	for 2017	246	-	-	-	246
	5256	for 2016	246	-	-	-	246
area for maintenance of electric dehydrator	5247	for 2017	60	-	-	-	60
	5257	for 2016	60	-	-	-	60
Separator 2 cat.	5248	for 2017	40	-	-	-	40
	5258	for 2016	40	-	-	-	40

Electrodehydrator ED-8	5249	for 2017	444	-	-	-	444
	5259	for 2016	444	-	-	-	444
Repair of well No. 4 Weight n/m-intensification of inflow		for 2017	891	-	891	-	-
		for 2016	891	-	-	-	891
Well No. 1 Sechenovka		for 2017	23	-	-	-	23
		for 2016	23	-	-	-	23
Well No. 2Sechenovka		for 2017	23	-	-	-	23
		for 2016	23	-	-	-	23
Well No. 3Sechenovka		for 2017	14 310	-	-	-	14 310
		for 2016	14 310	-	-	-	14 310
Well No. 1 Sechenovka		for 2017	12	-	-	-	12
		for 2016	12	-	-	-	12
Oil heater PPT-02 GZH		for 2017	724	-	-	-	724
		for 2016	724	-	-	-	724
Horizontal steel tank RSG-60		for 2017	1 750	-	-	-	1 750
		for 2016	1 750	-	-	-	1 750
Cabin car (N/base)		for 2017	176	-	-	-	176
		for 2016	176	-	-	-	176
Stamp (CEO)		for 2017	-	-	-	-	-
		for 2016	-	-	-	-	-

2.3. Change in the value of fixed assets as a result of completion, retrofitting, reconstruction and partial liquidation

Indicator	Code	for 2017	for 2016
Increase in value of fixed assets as a result completion, retrofitting, reconstruction - total	5260	-	-
including:	5261	-	-
Decrease in value of fixed assets as a result partial liquidation - total:	5270	-	-
including:	5271	-	-

2.4. Other use of fixed assets

Indicator	Code	As of 31 December 2017	As of 31 December 2016	As of 31 December 2015
Fixed assets provided for lease, on the balance sheet	5280	-	-	-
Fixed assets provided for lease, out of the balance sheet	5281	-	-	-
Leased fixed assets, on the balance sheet	5282	-	-	-
Leased fixed assets, out of the balance sheet	5283	-	-	-
Real estate objects accepted for operation and actually used, which are in the process of state registration	5284	-	-	-
Fixed assets transferred for conservation	5285	-	-	-
Other use of fixed assets (collateral, etc.)	5286	-	-	-
	5287	-	-	-

Head

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(signature)_____
(printed name)_____
30 March 2018

3. Financial Investments
3.1. Availability and flow of financial investments

Indicator	Code	Period	At the beginning of the period		Changes for the period					At the end of the period	
			initial cost	accumulated adjustment	Received	retired (repaid)		interest accrual (including bringing the initial cost to the nominal value)	Current market value (impairment loss)	initial cost	accumulated adjustment
						initial cost	accumulated adjustment				
Long-term - total	5301	for 2017	890	-	-	816	-	-	-	74	-
	5311	for 2016	1 890	-	-	1 000	-	-	-	890	-
including:	5302	for 2017	-	-	-	-	-	-	-	-	-
	5312	for 2016	-	-	-	-	-	-	-	-	-
Short-term - total	5305	for 2017	130	-	-	-	-	-	-	130	-
	5315	for 2016	130	-	30	-	-	-	-	130	-
including:	5306	for 2017	-	-	-	-	-	-	-	-	-
	5316	for 2016	-	-	-	-	-	-	-	-	-
Financial investments -total	5300	for 2017	1 020	-	-	816	-	-	-	204	-
	5310	for 2016	1 990	-	30	1 000	-	-	-	1 020	-

3.2. Other use of financial investments

Indicator	Code	As of 31 December 2017	As of 31 December 2016	As of 31 December 2015
Pledged financial investments	5320	-	-	-
including:				
	5321	-	-	-
Financial investments transferred to third parties (other than sale) - total	5325	-	-	-
including:				
	5326	-	-	-
Other use of financial investments	5329	-	-	-

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(printed name)_____
30 March 2018

4.2. Pledged inventories

Indicator	Code	As of 31 December 2017	As of 31 December 2016	As of 31 December 2015
Inventories not paid as of the reporting period - total	5440	-	-	-
including:				
	5441	-	-	-
Inventories pledged under the contract - total	5445	-	-	-
including:				
	5446	-	-	-

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Soldatova Natalya Andreevna

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(printed name)

30 March 2018

5. Accounts Payable and Receivable
5.1. Availability and flow of accounts receivable

Indicator	Code	Period	At the beginning of the year		Changes for the period								At the end of the period	
			recorded under the contract terms	reserve supply capacity for doubtful debts	inflows		outflows			transfer from long-term to short-term liability	transfer from accounts receivable to accounts payable	transfer from accounts payable to accounts receivable	recorded under the contract terms	reserve supply capacity for doubtful debts
					as a result of business operations (amount of debt on transaction, operation)	interests, penalties and other charges due	repayment	write-off to financial result	reserve recovery					
Long-term accounts receivable – total	5501	for 2017	-	-	-	-	-	-	-	-	-	-	-	-
	5521	for 2016	-	-	-	-	-	-	-	-	-	-	-	-
including: Settlements with buyers and customers	5502	for 2017	-	-	-	-	-	-	-	-	-	-	-	-
	5522	for 2016	-	-	-	-	-	-	-	-	-	-	-	-
Advances given	5503	for 2017	-	-	-	-	-	-	-	-	-	-	-	-
	5523	for 2016	-	-	-	-	-	-	-	-	-	-	-	-
Other	5504	for 2017	-	-	-	-	-	-	-	-	-	-	-	-
	5524	for 2016	-	-	-	-	-	-	-	-	-	-	-	-
	5505	for 2017	-	-	-	-	-	-	-	-	X	X	-	-
	5525	for 2016	-	-	-	-	-	-	-	-	X	X	-	-
Short-term accounts receivable – total	5510	for 2017	6 680	-	3 015	-	(3 333)	-	-	-	-	-	6 362	-
	5530	for 2016	68 931	(61 036)	5 461	-	(6 676)	-	-	-	-	-	6 680	-
including: Settlements with buyers and customers	5511	for 2017	1 857	-	-	-	(1 857)	-	-	-	-	-	-	-
	5531	for 2016	2 844	-	1 829	-	(2 816)	-	-	-	-	-	1 857	-
Advances given	5512	for 2017	352	-	617	-	(151)	-	-	-	-	-	818	-
	5532	for 2016	44 264	(44 000)	163	-	(44 075)	-	-	-	-	-	352	-
Other	5513	for 2017	4 528	-	2 442	-	(1 326)	-	-	-	45	24	5 544	-

	5533	for 2016	21 829	(8 438)	2 877	-	(20 821)	-	(606)	-	559	83	4 528	-
	5514	for 2017	-	-	-	-	-	-	-	-	X	X	-	-
	5534	for 2016	-	-	-	-	-	-	-	-	X	X	-	-
Total	5500	for 2017	6 680	-	3 015	-	(3 333)	-	-	X	X	X	6 362	-
	5520	for 2016	68 931	(61 036)	5 461	-	(6 676)	-	-	X	X	X	6 680	-

other	5554	for 2017	-	-	-	-	-	-	-	-	-
	5574	for 2016	-	-	-	-	-	-	-	-	-
	5555	for 2017	-	-	-	-	-	-	X	X	-
	5575	for 2016	-	-	-	-	-	-	X	X	-
Short-term accounts payable - total	5560	for 2017	35 864	36 074	419	(16 601)	-	-	-	-	55 756
	5580	for 2016	21 902	20 910	606	(12 434)	-	-	-	-	32 632
including: settlements with suppliers and contractors	5561	for 2017	11 321	10 753	-	(5 822)	-	-	-	-	16 252
	5581	for 2016	5 729	7 419	-	(863)	-	-	-	60	12 344
advances received	5562	for 2017	84	9 337	-	(1 289)	-	-	-	-	8 133
	5582	for 2016	1 698	(130)	-	(1 484)	-	-	-	-	84
settlements on taxes and contributions	5563	for 2017	17 461	8 377	210	(1 062)	-	-	-	-	24 986
	5583	for 2016	7 445	11 205	132	(1 321)	-	-	-	-	17 461
credits	5564	for 2017	-	-	-	-	-	-	-	-	-
	5584	for 2016	-	-	-	-	-	-	-	-	-
loans	5565	for 2017	3 232	18 483	419	(18 390)	-	-	-	-	3 744
	5585	for 2016	350	12 300	474	(9 892)	-	-	-	-	3 232
other	5566	for 2017	533	2 111	-	(3)	-	-	-	1	2 641
	5586	for 2016	356	180	-	(4)	-	-	1	1	533
	5567	for 2017	-	-	-	-	-	-	X	X	-
	5587	for 2016	-	-	-	-	-	-	X	X	-
Total	5550	for 2017	35 864	36 074	419	(16 601)	-	X	X	X	55 756
	5570	for 2016	21 902	20 910	606	(12 434)	-	X	X	X	32 632

5.4. Overdue accounts payable

Indicator	Code	As of 31 December 2017	As of 31 December 2016	As of 31 December 2015
Total	5590	-	-	-
including:				
settlements with suppliers and contractors	5591	-	-	-
settlements with buyers and customers	5592	-	-	-
	5593	-	-	-

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(signature)_____
(printed name)_____
30 March 2018

6. Production Expenses

Indication	Code	for 2017	for 2016
Material costs	5610	16 228	29 295
Labor costs	5620	23 331	26 403
Social security contributions	5630	7 238	8 173
Depreciation	5640	9 142	10 100
Other expenses	5650	81 419	51 845
Total by items	5660	137 358	125 816
Change in balances (increase [-]):work in progress, finished products, etc	5670	(217)	(114)
Change in balances (decrease [+]): work in progress, finished products, etc.	5680	-	1 079
Total expenses for ordinary activities	5600	137 141	126 781

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(signature)_____
(printed name)_____
30 March 2018

7. Estimated Liabilities

Indicator	Code	Balance at the beginning of the year	Accepted	Repaid	Written-off as excess amount	Balance at the end of the period
Estimated liabilities – total	5700	2 772	2 711	(2 163)	(609)	2 711
including:						
Reserve for upcoming vocations	5701	2 772	2 711	(392)	(609)	4 482
	5702	-	-	(1 771)	-	(1 771)

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(signature)_____
(printed name)_____
30 March 2018

APPENDIX 4
AUDITED FINANCIAL STATEMENTS FOR KGN FOR THE PERIOD ENDED 31 DECEMBER 2018

**AUDIT REPORT
OF INDEPENDENT AUDITOR
"AVDEEV & K⁰" GCAP**

**drafted in respect of
attached financial statements
drawn up by**

**Kaliningradneft OJSC
for the year ending December 31, 2018**

**Russia, Kaliningrad
2019**

AUDIT REPORT OF INDEPENDENT AUDITOR

for shareholders of Kaliningradneft

Opinion

Herewith the annual financial statements attached have been audited- Kaliningradneft Open Joint-Stock Company (PSRN: 1023901861631. Legal address 236039, Kaliningrad Portovaya st., 32-A.), including the balance sheet as of December 31, 2018, financial statements, appendices to the balance sheet and financial statements, as well as the statement of equity changes and cash flow statement as of 2018, explanations to the balance sheet and financial statements, including the main provisions of accounting policy.

In our opinion, the annual financial statements attached accurately reflect the financial condition of Kaliningradneft OJSC in all material respects as of December 31, 2018, its financial results and cash flows for 2018 drafted in accordance with accounting principles set forth in the Russian Federation.

Basis for the audit opinion

The audit has been conducted in accordance with the International Auditing Standards (IAS). The auditor's responsibility upon these guidelines is prescribed in the section "Auditor's Responsibility for the Annual Accounting Statements Audited" of present report. We are independent company in respect of the entity audited upon the Rules applicable to the Independence of Auditors and Auditing Organizations and the Code of Ethics for Professional Auditors, consistent with the Code of Ethics for Professional Accountants developed by the Council of the International Ethics Standards for professional accountants, and we have fulfilled other obligations in accordance with these professional ethics standards. We believe that audit evidence obtained is sufficient and appropriate to warrant our opinion.

Significant Business Continuity Uncertainty

As specified in section 6 of explanations, the Arbitration Court of Kaliningrad Region introduced monitoring procedure in respect of Kaliningradneft OJSC as of the date of audit report signing. This circumstance indicates the significant uncertainty, causing considerable doubts on the capability of Kaliningradneft OJSC to continue its activities continuously.

Responsibility of the audited entity management for the annual accounting reporting

The management is responsible for the preparation and fair presentation of these annual financial statements upon the accounting principles set forth in the Russian Federation, as well as for the internal control system the management believes relevant for the preparation of annual financial statements that does not contain any material misstatement due to fraud or error.

While drafting the annual financial statements, the management keeps responsible for assessing the ability of the entity audited to continue its operations continuously, for disclosing the information related to business continuity, as appropriate, and making reports based on the business continuity assumption, unless management intends to eliminate the entity audited, terminate its activities or when there is no any other viable alternative, except for winding-up or business termination.

Auditor's responsibility for the annual financial statements audited

Our goal is to obtain reasonable assurance that annual financial statements are free from any material misstatement due to fraud or error, as well as while drafting the audit's report containing our opinion. The reasonable assurance constitutes the high degree of assurance, but it cannot guarantee that the audit conducted in accordance with IAS always reveals the material misstatements, if any. The misstatements may be caused by any fraud or error and they are taken as significant if it can be reasonably assumed that individually or in combination they may affect the economic decisions of users taken based on the present annual financial statements.

As part of the audit conducted in accordance with IAS, we use the professional judgment and keep the professional skepticism at all times during the audit. In addition, we:

a) identify and assess the risks of material misstatement of the annual financial statements due to fraud or error; we develop and conduct the audit procedures in response to these risks; we obtain the audit evidence sufficient and appropriate to constitute the basis for our opinion. The risk of non-detection of material misstatement caused by fraud is higher than the risk of non-detection of material misstatement caused by error, since the fraud may include the conspiracy, forgery, intentional omission, misrepresentation of information or any actions avoiding the internal control system;

b) understand the internal control system relevant to the audit, aimed to develop the audit procedures appropriate to the circumstances, but not aimed to express the opinion on the internal control system performance of the entity audited;

c) evaluate the appropriateness of the accounting policy applied, validity of accounting valuations and related disclosures performed by the management of the entity audited;

d) conclude on the legitimate assumption of business continuity applied by the management of the entity audited and based on the audit

evidence - conclusion if there is any significant uncertainty in connection with any events or conditions causing the considerable doubts may arise in the capability of the entity audited to run its activities continuously. If we find any material uncertainty, we shall draw attention to the relevant disclosures in the annual financial statements in our audit report or, if such disclosures are inappropriate, we shall modify our opinion. Our findings are based on the audit evidence obtained prior to the date of audit report. However, future events or conditions may cause the entity audited to lose its capability to run its activities continuously;

e) evaluate the annual financial statements presentation as a whole, its structure and content, including the information disclosure, as well as whether the annual financial statements represent the underlying operations and events in such a way to ensure their reliable presentation.

We keep information interaction with the management of the entity audited, bring to their attention, among others, the information on the planned scope and timing of the audit, as well as significant comments on the audit findings, including significant deficiencies in the internal control system identified during the audit.

Executive Officer
GCAP "AVDEEV & K⁰"

Avdeev Yuriy Borisovich

_____ **Avdeev Y.B.**

(Head of the Audit Assignment
PNRE: 21706029685)

dated July 02, 2019

Information about the Auditor: General Consulting and Auditing Partnership "AVDEEV and K⁰" Short name: GCAP "AVDEEV and K⁰". PNRE: 1023900587347. TIN: 3904019233. Location: 236010, Kaliningrad, Marat st., 2. GCAP "AVDEEV & K⁰" is a member of the Self-Regulatory Organization of Auditors Association "Sodruzhestvo" (SRO AAS) registration number of record (PRNE) 11606055401 dated November 11, 2016.

**OPEN JOINT STOCK COMPANY
KALININGRADNEFT**

EXPLANATION
to
Financial Statements
as of 2018

1. GENERAL INFORMATION.

Open Joint-Stock Company “Kaliningradneft” (hereinafter referred to as the Company) was registered as legal entity on January 24, 2001, certification issued of BLR series No. 10. Legal address: 236039, Kaliningrad, Portovaya st., 32A.

The size of the authorized capital is 4,920 thousand rubles.

The main activities of the Company are as follows:

- production, transportation, processing and sale of oil (hydrocarbons), etc.;
- exploration and development of the oil fields.

The average number of employees in the Company in 2018 is 59 (fifty nine) people.

The financial statements of the Company have been drafted in accordance with the Law of the Russian Federation “On Accounting”, “Regulation for Accounting and Reporting in the Russian Federation” and Accounting Principles.

The accounting and reporting system of the Company ensures the following:

- keeping the complete and reliable information on business processes and financial impact of activities necessary for the operational management of the enterprise, as well as to be used by the external users - investors, creditors, tax and financial authorities, banks and other stakeholders;
- monitoring for the availability and flow of property, use of material, labor and financial resources in accordance with approved norms, standards and estimates;
- timely warning and prevention of negative developments in the economic and financial activities, identification of the internal reserves.

The Current Chart of Accounts developed upon the Unified Chart of Accounts is applicable in the Company in line to keep the records of property, liabilities and reflect the business transactions.

The Auditor of the Company is Avdeev & K GCAP.

The following persons are the shareholders of the Company as of December 31, 2018:

Table 1

Owner	Number of shares	Rated value, rub	Amount, thous. rub	% of share	Registration number of issue
Bordovsky Vladimir	4 906 602	1,00	4 907	99,73	1-01-01589-D

Alexandrovich					
Others	13 398	1,00	13	0,27	1-01-01589-D
Total shares allocated	4 920 000		4 920	100	

The register of shareholders is kept by the Kaliningrad branch of Independent Registration Company JSC.

The structure of the Company's management bodies:

- General meeting of shareholders - the supreme management body of the Company;
- Board of Directors - the supreme management body between the general meetings of shareholders;
- General Director - the sole executive body of the Company.

Tevosov Vachagan Voganovich has been appointed as General Director of the Company since July 27, 2018.

Dividends were not paid to the shareholders of the Company in 2018 in accordance with the resolution of the meeting of shareholders on non-distribution of profits.

There were no any significant changes in accounting policies in 2018 compared to 2017.

Fundamental principles of the Accounting Policy;

- depreciation method - in linear method;
- the asset corresponding to the terms of clause 4 of RAS 6/01, to be accounted as fixed assets if its cost exceeds 40,000 rubles;
- when materials are released to the production or disposed in any way , they shall be evaluated at the average cost;
- finished goods is estimated at the actual cost of manufacture.

Account 40 "Output of products (works, services)" is not used;

- the reserve for the employee vacations payment is created as on 31.12. of the reporting period. Receivables are checked for the need to create the reserve for doubtful debts is carried out at the end of each reporting period.

- the factor is deemed significant if its value is 5% of the article factor.;

Accounting operations are carried out by the accounting services being the structural unit headed by the chief accountant.

The reporting year is the period from January 1 to December 31, 2018 exclusively.

- The company uses the computer technology to process the accounting information in the production field.

2. KEY PERFORMANCE INDICATORS AND FACTORS AFFECTING THE FINANCIAL PERFORMANCE OF THE COMPANY IN THE REPORTING YEAR.

The Company made a loss of 60,471 thousand rubles in 2018. The loss amounted to 29,427 thousand rubles in 2017, loss of the enterprise amounted to 23,488 thousand rubles in 2016. The main reason for the company's loss is in the drop of oil production due to water encroachment of the wells (and subsequently, increase of the cost for the local water recovery, etc.) and significant increase in the mineral extraction tax rate (from 493 rub/ton in 2014 to 919 rub/t in 2018).

As of December 31, 2018, the cost of fixed assets of the Company, reported in the line 1150 “Fixed assets” of the balance sheet (form No. 1), amounted to 6839 thousand rubles, including the land plots for total amount of 202,1 thousand rubles, as follows:

- Legal title for land plot of 2.2 ha (Zelenogradsk.reg.) - 57, 0 thous. rubles,
- Legal title for land plot of 2.8 ha (Zelenogradsk.reg.) - 72, 6 thous. rubles,
- Legal title for land plot of 12048 sq.m. (Krasnoznam.reg) – 20,9 thous. rubles,
- Legal title for land plot of 3600sq.m. (Krasnoznam.reg) – 16,7 thous. rubles,
- Legal title for land plot of 4300sq.m. (Krasnoznam.reg) -17,1 thous. rubles,
- Legal title for land plot of 5691sq.m. (Krasnoznam.reg) – 17,8 thous. rubles.

The summary of fixed assets is provided in the table 2 “Fixed assets”

Summary of Fixed Assets

Table 2

Fixed Assets	As on 31.12.2018, thous. rub.	As on 31.12.2017, thous. rub.
Buildings	805	895
Machines & Equipment	875	1183
Vehicles	0	0
Facilities	3271	9561
Other types of FA	1684,9	1920,9
Land plots	202,1	202,1
Total:	6838	13762

There is contribution to the authorized capital of Kaliningradneft-Terminal LLC, amounting 74 thousand rubles reported in the line 1170 of the balance sheet “Long-term financial investments” as of December 31, 2018. Currently, these investments are not income producing.

Summary of Reserves

Table 3

Reserves	As on 31.12.2018, thous. rub.	As on 31.12.2017, thous. rub.
Materials	15220	15422
Livestock	1	1
Work in process	1	1
Finished goods	2688	1783
Total:	17910	17227

Summary of the certain types of inventories

Table 4

Materials	As on 31.12.2018, thous. rub.	As on 31.12.2017, thous. rub.
Raw materials	10373	10436
Fuel	115	97
Tare and packing materials		1,8
Spare parts	319,8	461,4
Other materials	1893,8	1547,4
Construction materials	369,9	427,7
Tools and house ware, hardware	2148,5	2450,7
Total:	15220	15422

As of December 31, 2018, line 1230 “Accounts receivable” of the Balance Sheet (Form-1) of the Company 2799 thousand rubles is reported. The summary of debtors is provided in Table 6.

Table 5

Accounts receivables	As on 31.12.2018, thous. rub.	As on 31.12.2017, thous. rub.
Receivables from suppliers (contractors) on advances paid	1232	2217,43
Receivables from the customers	20	
Accounts receivables from the budget for taxes and duties (VAT, property tax, transport tax, income tax)	22	1623,5
Employee Accountability receivables	18	334
Accounts receivables on loans to employees		105,8
Accounts receivables of non-budgetary funds for insurance contributions to the payroll fund	203	902,7
Other receivables	1304	1178,07
Total:	2799	6361,5

Accounts receivable decreased by 3562.5 thous. rubles versus to 2017.

Summary on the accounts payable.

As of December 31, 2018, line 1520 “Accounts payable” of the balance sheet (Form 1) of the Company, 94,558 thousand rubles is reported, reflecting the total short-term accounts payable, including:

Table 6

Accounts payable	As on 31.12.2018, thous. rub.	As on 31.12.2017, thous. rub.
Accounts payable to suppliers (contractors)	22327	16251,5
Accounts payable to the customers on advances paid	40	8132,7
Accounts payable to the budget for taxes and duties (VAT, MET, PIT, property tax, transport tax, income tax)	65499	24986
Accounts payable to payroll	1069	648,6
Accounts payable to the reporting persons		
Accounts payable to non-budgetary funds for insurance contributions	5820	1574,4
Other payables	3730	418,8
Total:	98485	52012

Thus, as of December 31, 2018, accounts payable increased by 46 473 thous. rubles versus to 2017.

In 2018, the Company raised borrowed funds of individuals and legal entities. As of reporting date, the loan debt is 3957 thous. rubles., including amount of interest - 678 thous. rubles.

Summary on the certain types of capital.

In 2018, the Company neither issued any securities (issues), nor repurchase its own shares.

The authorized capital as of December 31, 2018 is 4920 thousand rubles, that is reported in line 1310 “Authorized capital” of the balance sheet (Form 1). Number of shares issued by the Company and completely paid:

- Ordinary shares - 4 920 000 pcs.

Line 1350 “Additional paid-in capital” reflects the additional paid-in capital of the Company in the amount of 4603 thous. rubles.

Line 1360 “Reserve capital” reflects the reserve capital of the Company in the amount of 738 thous. rubles formed in accordance with the Charter of the company.

Reserve capital was not increased in 2018 due to its full formation in accordance with the constituent documents of the Company.

Line 1540 “Estimated Liabilities” reflects the amount of allowance for vacations of the Company employees in the amount of 2604 thous. rubles.

Deferred tax asset (DTA) is reported as part of non-current assets in line 1180 in the amount of 22676 thous. rubles made of the losses of previous years + allowance for vacations (2604 * 20%)

Deferred tax liability (DTL) is reported in the long-term liabilities in amount of 477 thousand rubles, and includes the following:

- difference between residual value of fixed assets in the accounting and tax reporting as of December 31, 2018 - $355560 * 20\% = 701112$;

- difference in the value of the balances of GC as of December 31, 2018 in the accounting and tax reporting - $1982584 * 20\% = 396517$;

- difference in the cost of materials as of December 31, 2018 between accounting and tax reporting $-46773 * 20\% = 9355$.

Line 2430 of the financial statement reflects the changes in the deferred tax liabilities in amount of (-52 thousand rubles) as difference between the credit and debit turnover, account 77. Line 2450 reflects the change in deferred tax assets in the amount of 9031 thous. rubles as difference between debit and credit turnover, account 09.

Summary on certain types of income

Table 7

Types of the goods (works, services, products) to be sold	Revenues from sales in 2018, thous. rub	Revenues from sales in 2017, thous. rub
Export oil	0	0
Oil for domestic market	94 911	102 529
Other sales		1 800
Total	94 911	104 329

The cost of energy consumed in 2018 amounted to 4538 046 rubles (for electricity consumed).

Summary on related entities

The parties related to Kaliningradneft OJSC are as follows:

— Kaliningradneft Land LLC - Sole Founder (100% of authorized capital) - Bordovsky Vladimir Alexandrovich - Main Shareholder of Kaliningradneft OJSC, Director Deputy for Foreign Economic Affairs, provides loans to Kaliningradneft LLC;

— Kozlyakov K. S. - Chairman of the Board of Directors of Kaliningradneft OJSC, Director Deputy, earns the wage;

— Baranovskaya O.L. - Member of the Board of Directors - no relations;

— Dmitriev M.V. - Member of the Board of Directors; no relations;

— Dubinets A.G. - Member of the Board of Directors - no relationships;

— Lavrentiev S.A. - Member of the Board of Directors, debt on borrowed funds;

— Soldatova N.A. - Chief Accountant of Kaliningradneft OJSC, General Director of Kaliningradneft Land LLC.

The Company carried out the following transactions with related parties in 2018

(thous.rub)

Sr. No.	Type of transaction	Total	Kaliningradneft Land LLC	Bordovsky V.A.
2	Borrowing of loans	60860311,20	60860311,20	
3	Loan redemption	60816413,79	60816413,79	120000
4	Granting of loan	6200000	6200000	
	Loan redemption	6200000	6200000	
4	Interest on loans payable	678012,81		678012,81

Information about events after the reporting date

Since March 11, 2019, the Director General of Kaliningradneft OJSC has been Bordovskaya Elena Valentinovna. Arbitration Court of the Kaliningrad Region introduced monitoring procedure in respect of Kaliningradneft OJSC on 26.03.2019 under case No. A21-9295/2018. There were no other events affecting the financial (accounting) statements formation after reporting date, in particular: termination of the significant part of the company's core business, sale of inventories after the reporting date, showing that calculation of the possible sale prices of these inventories at the reporting date was unreasonable, large transactions related to the acquisition and disposal of fixed assets and financial investments, confiscation cases of assets by the state or their destruction, events that would challenge the accounting policies applied to draw up the financial (accounting) statements, legal disputes with counterparties.

No significant changes in accounting policies for 2018 versus to 2017 occur.

March 29, 2019

Director General

Bordovskaya E.V.

Chief Accountant

Soldatova N.A.

Balance Sheet
as of 31 December 2018

Organization **Kaliningradneft Open Joint Stock Company**
Taxpayer's Identification Number
Business activity **Crude oil production**
Legal form / form of ownership
Open Joint Stock Companies / Private ownership

Unit: in thousand rubles

Location (address)

32A Portovaya Street, Kaliningrad, Kaliningrad region, 236039

Codes		
0710001		
31	12	2018
OKPO		
25828606		
TIN		
3908021385		
OKVED		
06.10.1		
47	34	
OKOPF/OKFS		
OKEI		
384		

Notes	Indicator	Code	As of 31 December 2016	As of 31 December 2016	As of 31 December 2016
	ASSETS				
	I. NON-CURRENT ASSETS				
	Intangible assets	1110	-	-	-
	Research and development results	1120	-	-	-
	Intangible search assets	1130	-	-	-
	Tangible search assets	1140	-	-	-
	Fixed assets	1150	6 839	13 762	43 044
	Profitable investments in material values	1160	-	-	-
	Financial investments	1170	74	74	890
	Deferred tax assets	1180	22 676	13 645	8 128
	Other non-current assets	1190	2 875	18 780	-
	Section I, total	1100	32 463	46 262	52 062
	II. CURRENT ASSETS				
	Stocks	1210	17 910	17 227	20 412
	Value added tax on acquired values	1220	-	-	-
	Accounts receivable	1230	2 799	6 362	6 681
	Financial investments (excluding cash equivalents)	1240	80	130	130
	Cash and cash equivalents	1250	45	1 041	345
	Other current assets	1260	258	334	1 242
	Section II, total	1200	21 092	25 093	28 810
	BALANCE	1600	53 555	71 355	80 871

Notes	Indicator	Code	As of 31 December 2016	As of 31 December 2016	As of 31 December 2016
	LIABILITY				
	III. CAPITAL AND RESERVES				
	Authorized capital (share capital, charter fund, contributions of partners)	1310	4 920	4 920	4 920
	Own shares repurchased from shareholders	1320	-	-	-
	Revaluation of non-current assets	1340	-	-	-
	Additional paid-in capital (without revaluation)	1350	4 603	4 603	4 603
	Reserve capital	1360	738	738	738
	Retained earnings (uncovered loss)	1370	(58 271)	2 200	31 627
	Section III, total	1300	(48 010)	12 461	41 888
	IV. LONG-TERM LIABILITIES				
	Borrowed funds	1410	-	-	-
	Deferred tax liabilities	1420	477	425	348
	Estimated liabilities	1430	-	-	-
	Other liabilities	1450	-	-	-
	Section IV, total	1400	477	425	348
	V. SHORT-TERM LIABILITIES				
	Borrowed funds	1510	3 927	3 744	3 232
	Accounts payable	1520	94 558	52 012	32 632
	Revenue of the future periods	1530	-	-	-
	Estimated liabilities	1540	2 604	2 711	2 772
	Other liabilities	1550	-	-	-
	Section V, total	1500	101 089	58 467	38 636
	BALANCE	1700	53 556	71 353	80 871

Head

/signed/

(signature)

**Bordovskaya Yelena
Valentinovna**

(printed name)

29 March 2019

**Statement of Financial Results
for January - December 2018**

Organization **Kaliningradneft Open Joint Stock Company**

Taxpayer's Identification Number

Business activity **Crude oil production**

Legal form / form of ownership

Open Joint Stock Companies / Private ownership

Unit: in thousand rubles

Location (address)

32A Portovaya Street, Kaliningrad, Kaliningrad region, 236039

	Codes		
Form of OKUD	0710002		
Date (day, month, year)	31	12	2018
OKPO	25828606		
TIN	3908021385		
OKVED	06.10.1		
OKOPF/OKFS	47	34	
OKEI	384		

Notes	Indicator	Code	For January – December 2018	For January – December 2017
	Revenue	2110	94 911	104 329
	Cost of sales	2120	(94 389)	(87 820)
	Gross profit (loss)	2100	522	16 509
	Selling expenses	2210	(8)	-
	Management expenses	2220	(44 597)	(49 321)
	Profit (loss) from sales	2200	(44 083)	(32 812)
	Income from participation in other organizations	2310	-	-
	Interest receivable	2320	26	-
	Interest payable	2330	(259)	(419)
	Other income	2340	434	2 468
	Other expenses	2350	(25 579)	(3 152)
	Profit (loss) before tax	2300	(69 461)	(33 915)
	Current income tax	2410	-	-
	including permanent tax liabilities (assets)	2421	(4 918)	1
	Change in deferred tax liabilities	2430	(52)	(78)
	Change in deferred tax assets	2450	9 031	6 072
	Other	2460	10	(1 506)
	Net income (loss)	2400	(60 472)	(29 427)

Indicator	Code	Authorized capital	Own shares repurchased from shareholders	Additional paid-in capital	Reserve capital	Retained earnings (uncovered loss)	Total
Capital reduction - total:	3220	-	-	-	-	(29 426)	(29 426)
including:							
loss	3221	X	X	X	X	(29 426)	(29 426)
revaluation of property	3222	X	X	-	X	-	-
expenses directly attributable to decrease in capital	3223	X	X	-	X	-	-
reduction in nominal value of shares	3224	-	-	-	X	-	-
reduction in number of shares	3225	-	-	-	X	-	-
reorganization of legal entity	3226	-	-	-	-	-	-
dividends	3227	X	X	X	X	-	-
Change in additional paid-in capital	3230	X	X	-	-	-	X
Change in reserve capital	3240	X	X	X	-	-	X
Amount of capital as of 31 December 2017	3200	4 920	-	4 603	738	2 200	12 461
<u>For 2018</u>							
Capital increase - total:	3310	-	-	-	-	-	-
including:							
net income	3311	X	X	X	X	-	-
revaluation of property	3312	X	X	-	X	-	-
direct capital gains	3313	X	X	-	X	-	-
additional issue of shares	3314	-	-	-	X	X	-
increase in par value of shares	3315	-	-	-	X	-	X
reorganization of legal entity	3316	-	-	-	-	-	-
Decrease in capital - total:	3320	-	-	-	-	(60 472)	(60 472)
including:							
loss	3321	X	X	X	X	(60 472)	(60 472)
revaluation of property	3322	X	X	-	X	-	-
expenses directly attributable to decrease in capital	3323	X	X	-	X	-	-
reduction in par value of shares	3324	-	-	-	X	-	-
reduction in number of shares	3325	-	-	-	X	-	-
reorganization of legal entity	3326	-	-	-	-	-	-
dividends	3327	X	X	X	X	-	-
Change in additional paid-in capital	3330	X	X	-	-	-	X
Change in reserve capital	3340	X	X	X	-	-	X
Amount of capital as of 31 December 2018	3300	4 920	-	4 603	738	(58 271)	(48 010)

2. Adjustments due to changes in accounting policies and correction of errors

Indicator	Code	As of 31 December 2016	Changes in equity for 217		As of 31 December 2017
			due to net profit (loss)	due to other factors	
Capital - total					
before adjustments	3400	-	-	-	-
adjustment due to:					
change in accounting policy	3410	-	-	-	-
correction of errors	3420	-	-	-	-
after adjustments	3500	-	-	-	-
including:					
retained earnings (uncovered loss):					
before adjustments	3401	-	-	-	-
adjustment due to:					
change in accounting policy	3411	-	-	-	-
correction of errors	3421	-	-	-	-
after adjustments	3501	-	-	-	-
before adjustments	3402	-	-	-	-
adjustment due to:					
change in accounting policy	3412	-	-	-	-
correction of errors	3422	-	-	-	-
after adjustments	3502	-	-	-	-

**Cash Flow Statement
for January - December 2018**

Organization **Kaliningradneft Open Joint Stock Company**
 Taxpayer's Identification Number
 Business activity **Crude oil production**
 Legal form / form of ownership
Open Joint Stock Companies / Private ownership
 Unit: in thousand rubles
 Location (address)
32A Portovaya Street, Kaliningrad, Kaliningrad region, 236039

	Codes		
Form of OKUD	0710004		
Date (day, month, year)	31	12	2018
OKPO	25828606		
TIN	3908021385		
OKVED	06.10.1		
OKOPF/OKFS	47	34	
OKEI	384		

Indicator	Code	For January – December 2018	For January – December 2017
Cash flows from current operations			
Income - total	4110	31 846	98 684
including:			
from sale of products, goods, works and services	4111	31 229	96 485
rent payments, license payments, royalties, commissions and other similar payments	4112	-	-
from resale of financial investments	4113	-	-
VAT compressed	4114	617	-
other inflows	4119	-	2 199
Payments - total	4120	(60 625)	(103 435)
including:			
to the suppliers (contractors) for raw materials, materials, work, services	4121	(2 003)	(17 013)
in connection with payment of salaries to the employees	4122	(26 064)	(27 934)
interests on debt obligations	4123	-	(162)
corporate income tax	4124	-	(1)
	4125	-	-
other payments	4129	(32 558)	(58 325)
Current cash balance	4100	(28 779)	(4 751)
Cash flows from investing operations			
Inflows - total	4210	5 798	50
including:			
from sale of non-current assets (other than financial investments)	4211	-	-
from sale of shares of other organizations (participatory interests)	4212	-	-
from repayment of loans granted, from sale of debt securities (rights to claim funds to other persons)	4213	5 798	50
dividends, interests on debt financial investments and similar inflows from equity participation in other organizations	4214	-	-
	4215	-	-
other inflows	4219	-	-
Payments - total	4220	(179)	-
including:			
in connection with acquisition, creation, modernization, reconstruction and preparation for use of non-current assets	4221	(159)	-
in connection with acquisition of shares in other organizations (participatory interests)	4222	-	-
in connection with acquisition of debt securities (the right to claim funds to other persons), provision of loans to other persons	4223	(20)	-
interests on debt obligations included in the cost of an investment asset	4224	-	-
	4225	-	-
other payments	4229	-	-
Balance of cash flows from investment operations	4200	5 619	50

2. Fixed Assets

2.1. Availability and flows of fixed assets

Indicator	Code	Period	At the beginning of the year		Changes for the period						At the end of the period	
			initial cost	accumulated depreciation	Received	Retired objects		accrued depreciation	Revaluation		initial cost	accumulated depreciation
						initial cost	accumulated depreciation		initial cost	accumulated depreciation		
Fixed assets (excluding profitable investments in material values) - total	5200	for 2018	227 384	(213 622)	15	(2 549)	2 534	(6 923)	-	-	224 850	(218 012)
	5210	for 2017	231 901	(208 107)	-	(4 517)	3 627	(9 142)	-	-	227 384	(213 622)
including: Machinery and equipment (other than office ones)	5201	for 2018	12 376	(11 193)	-	(74)	74	(307)	-	-	12 302	(11 427)
	5211	for 2017	12 376	(10 800)	-	-	-	(393)	-	-	12 376	(11 193)
Structures	5202	for 2018	197 131	(187 570)	-	-	-	(6 289)	-	-	197 131	(193 860)
	5212	for 2017	197 131	(179 323)	-	-	-	(8 247)	-	-	197 131	(187 570)
Building	5203	for 2018	4 948	(4 053)	-	-	-	(89)	-	-	4 948	(4 143)
	5213	for 2017	4 948	(3 964)	-	-	-	(89)	-	-	4 948	(4 053)
Land plots	5204	for 2018	202	-	-	-	-	-	-	-	202	-
	5214	for 2017	202	-	-	-	-	-	-	-	202	-
Production and household equipment	5205	for 2018	5 255	(3 414)	-	-	-	(189)	-	-	5 255	(3 604)
	5215	for 2017	5 255	(3 203)	-	-	-	(211)	-	-	5 255	(3 414)
Vehicles	5206	for 2018	6 552	(6 552)	15	(2 475)	2 460	-	-	-	4 092	(4 092)
	5216	for 2017	11 069	(10 028)	-	(4 517)	3 627	(151)	-	-	6 552	(6 552)
Office equipment	5207	for 2018	150	(108)	-	-	-	(30)	-	-	150	(138)
	5217	for 2017	150	(79)	-	-	-	(30)	-	-	150	(108)
Other types of fixed assets	5208	for 2018	770	(731)	-	-	-	(18)	-	-	770	(749)
	5218	for 2017	770	(711)	-	-	-	(21)	-	-	770	(731)

2.2. Incomplete capital investments

Indicator	Code	Period	At the beginning of the year	Changes for the period			At the end of the period
				expenses for the period	written-off	accepted as fixed assets or increased cost	
Construction in progress and unfinished transactions for acquisition, modernization, etc. of fixed assets - total	5240	for 2018	18 780	3 019	(18 909)	(15)	2 875
	5250	for 2017	19 250	-	(470)	-	18 780
including:	5241	for 2018	30	-	-	-	30
Insulator IPOF-25 dehydrator	5251	for 2017	30	-	-	-	30
Insulator IPF-25 dehydrator	5242	for 2018	51	-	-	-	51
	5252	for 2017	51	-	-	-	51
Power source IPM-15 dehydrator	5243	for 2018	246	-	-	-	246
	5253	for 2017	246	-	-	-	246
area for maintenance of electric dehydrator	5244	for 2018	60	-	-	-	60
	5254	for 2017	60	-	-	-	60
Separator 2 cat.	5245	for 2018	40	-	-	-	40
	5255	for 2017	40	-	-	-	40
Electrodehydrator ED-8	5246	for 2018	444	-	-	-	444
	5256	for 2017	444	-	-	-	444
Repair of well No. 4 Weight n/m-intensification of inflow	5247	for 2018	891	-	891	-	-
	5257	for 2017	891	-	-	-	891
Well No. 1 Sechenovka	5248	for 2018	23	-	23	-	-
	5258	for 2017	23	-	-	-	23
Well No. 2 Sechenovka	5249	for 2018	23	-	23	-	-
	5259	for 2017	23	-	-	-	23
Well No. 3 Sechenovka		for 2018	14 310	-	14 310	-	-
		for 2017	14 310	-	-	-	14 310
Well No. 1 Sechenovka		for 2018	12	-	12	-	-
		for 2017	12	-	-	-	12
Water receiving well No. 11 Weight.		for 2018	-	530	-	-	530
		for 2017	-	-	-	-	-
Horizontal steel tank RSG-60		for 2018	1 750	1 750	2 750	-	750
		for 2017	1 750	-	-	-	1 750
Cabin car (N/base)		for 2018	176	-	176	-	-
		for 2017	176	-	-	-	176
Oil heater PPT-02 GZH		for 2018	724	724	724	-	724
		for 2017	724	-	-	-	724
Truck crane Ural KS-55722-1 P 323 AO 39 (year		for 2018	-	15	-	15	-

of manufacture: 2002)		for 2017	-	-	-	-	-
Tanks II cat. (50 cu.m.)		for 2018	-	-	-	-	-
		for 2017	50	-	50	-	-
Tanks II cat. (60 cu.m.)		for 2018	-	-	-	-	-
		for 2017	360	-	360	-	-
Tanks II cat. (75 cu.m.)		for 2018	-	-	-	-	-

2.3. Change in the value of fixed assets as a result of completion, retrofitting, reconstruction and partial liquidation

Indicator	Code	for 2018	for 2017
Increase in value of fixed assets as a result completion, retrofitting, reconstruction - total	5260	-	-
including:	5261	-	-
Decrease in value of fixed assets as a result partial liquidation - total:	5270	-	-
including:	5271	-	-

3. Financial Investments

3.1. Availability and flow of financial investments

Indicator	Code	Period	At the beginning of the period		Changes for the period					At the end of the period	
			initial cost	accumulated adjustment	Received	retired (repaid)		interest accrual (including bringing the initial cost to the nominal value)	Current market value (impairment loss)	initial cost	accumulated adjustment
						initial cost	accumulated adjustment				
Long-term - total	5301	for 2018	74	-	-	-	-	-	-	74	-
	5311	for 2017	890	-	-	816	-	-	-	74	-
including:	5302	for 2018	-	-	-	-	-	-	-	-	-
	5312	for 2017	-	-	-	-	-	-	-	-	-
Short-term - total	5305	for 2018	-	-	-	-	-	-	-	-	-
	5315	for 2017	-	-	-	-	-	-	-	-	-
including:	5306	for 2018	-	-	-	-	-	-	-	-	-
	5316	for 2017	-	-	-	-	-	-	-	-	-
Financial investments -total	5300	for 2018	74	-	-	-	-	-	-	74	-
	5310	for 2017	890	-	-	816	-	-	-	74	-

29 March 2019

5. Accounts Payable and Receivable
5.1. Availability and flow of accounts receivable

Indicator	Code	Period	At the beginning of the year		Changes for the period								At the end of the period	
					inflows		outflows			transfer from long-term to short-term liability	transfer from accounts receivable to accounts payable	transfer from accounts payable to accounts receivable		
			recorded under the contract terms	reserve supply capacity for doubtful debts	as a result of business operations (amount of debt on transaction, operation)	interests, penalties and other charges due	repayment	write-off to financial result	reserve recovery				recorded under the contract terms	reserve supply capacity for doubtful debts
Long-term accounts receivable – total	5501	for 2018	-	-	-	-	-	-	-	-	-	-	-	-
	5521	for 2017	-	-	-	-	-	-	-	-	-	-	-	-
including: Settlements with buyers and customers	5502	for 2018	-	-	-	-	-	-	-	-	-	-	-	-
	5522	for 2017	-	-	-	-	-	-	-	-	-	-	-	-
Advances given	5503	for 2018	-	-	-	-	-	-	-	-	-	-	-	-
	5523	for 2017	-	-	-	-	-	-	-	-	-	-	-	-
Other	5504	for 2018	-	-	-	-	-	-	-	-	-	-	-	-
	5524	for 2017	-	-	-	-	-	-	-	-	-	-	-	-
	5505	for 2018	-	-	-	-	-	-	-	-	-	X	X	-
	5525	for 2017	-	-	-	-	-	-	-	-	-	X	X	-
Short-term accounts receivable – total	5510	for 2018	6 362	-	1 006	-	(4 569)	-	-	-	-	-	-	2 799
	5530	for 2017	6 681	-	1 314	-	(1 633)	-	-	-	-	-	-	6 362
including: Settlements with buyers and	5511	for 2018	-	-	20	-	-	-	-	-	-	-	-	20
	5531	for 2017	1 857	-	-	-	(1 857)	-	-	-	-	-	-	-

customers														
Advances given	5512	for 2018	818	-	-	-	(586)	-	-	-	-	-	232	-
	5532	for 2017	352	-	617	-	(151)	-	-	-	-	-	818	-
Other	5513	for 2018	5 544	-	987	-	(3 984)	-	-	-	-	-	2 547	-
	5533	for 2017	4 528	-	697	-	(1 326)	-	-	-	-	-	5 544	-
	5514	for 2018	-	-	-	-	-	-	-	-	X	X	-	-
	5534	for 2017	-	-	-	-	-	-	-	-	X	X	-	-
Total	5500	for 2018	6 362	-	1 006	-	(4 569)	-	-	X	X	X	2 799	-
	5520	for 2017	6 681	-	1 314	-	(1 633)	-	-	X	X	X	6 362	-

5.2. Overdue accounts receivable

Indicator	Code	As of 31 December 2018		As of 31 December 2017		As of 31 December 2016	
		recorded under the contract terms	balance-sheet value	recorded under the contract terms	balance-sheet value	recorded under the contract terms	balance-sheet value
Total	5540	-	-	-	-	-	-
including: settlements with buyers and customers	5541	-	-	-	-	-	-
settlements with suppliers and customers (regarding advance payments, prepayments)	5542	-	-	-	-	-	-
other	5543	-	-	-	-	-	-
	5544	-	-	-	-	-	-

5.3. Availability and flow of accounts payable

Indicator	Code	Period	Balance at the beginning of the year	Changes for the period							Balance at the end of the period
				inflows		outflows		transfer from long-term to short-term liability	transfer from accounts receivable to accounts payable	transfer from accounts payable to accounts receivable	
				as a result of business operations (amount of debt on transaction, operation)	interests, penalties and other charges due	repayment	write-off to financial result				
Long-term accounts payable - total	5551	for 2018	-	-	-	-	-	-	-	-	-
	5571	for 2017	-	-	-	-	-	-	-	-	-
including: credits	5552	for 2018	-	-	-	-	-	-	-	-	-
	5572	for 2017	-	-	-	-	-	-	-	-	-
loans	5553	for 2018	-	-	-	-	-	-	-	-	-
	5573	for 2017	-	-	-	-	-	-	-	-	-
other	5554	for 2018	-	-	-	-	-	-	-	-	-
	5574	for 2017	-	-	-	-	-	-	-	-	-
	5555	for 2018	-	-	-	-	-	-	X	X	-
	5575	for 2017	-	-	-	-	-	-	X	X	-
Short-term accounts payable - total	5560	for 2018	52 012	127 749	1 310	(82 586)	-	-	-	-	98 485
	5580	for 2017	32 632	37 464	629	(18 713)	-	-	-	-	52 012
including: settlements with suppliers and contractors	5561	for 2018	16 420	7 673	-	(1 762)	(4)	-	-	-	22 327
	5581	for 2017	12 344	6 937	-	(2 927)	-1374,86	-	-	-	16 420
advances received	5562	for 2018	6 892	(1 692)	-	(5 160)	-	-	-	-	40
	5582	for 2017	504	6 408	-	(20)	-	-	-	-	6 892
settlements on taxes and contributions	5563	for 2018	10 700	114 788	1 051	(55 220)	-	-	-	-	71 319
	5583	for 2017	8 689	2 130	210	(331)	-	-	-	2	10 700
credits	5564	for 2018	-	-	-	-	-	-	-	-	-
	5584	for 2017	-	-	-	-	-	-	-	-	-
loans	5565	for 2018	3 744	60 860	259	(60 936)	-	-	-	-	3 927

6. Production Expenses

Indication	Code	for 2018	for 2017
Material costs	5610	10 789	16 227
Labor costs	5620	22 858	23 331
Social security contributions	5630	7 278	7 238
Depreciation	5640	6 923	9 142
Other expenses	5650	92 031	81 475
Total by items	5660	139 879	137 413
Change in balances (increase [-]): work in progress, finished products, etc	5670	(885)	(177)
Change in balances (decrease [+]): work in progress, finished products, etc.	5680		
Total expenses for ordinary activities	5600	138 994	137 236

APPENDIX 5

EXPERT REPORT CONFIRMING RESERVES AVAILABLE TO KGN

Well Energy Group Limited

COMPANY REGISTRATION NO. 2006101

Unit 617, 6/F, 131-132 Connaught Road West, Solo Workshops, Hong Kong

email: info@wellenergy.group

To: **JSC KaliningradNeft**
Portovaya 32A, Kaliningrad, Russia

July 15, 2019

Summary of Competent Person Opinion

Dear Sirs,

Well Energy Group has reviewed the available to day technical, financial and operational information of Kaliningradneft JSC development of its three oilfields in the Kaliningrad Region in the Russian Federation, and below is our independent assessment of the petroleum reserves and resources as of June, 2019.

We estimated the initial oil-in-place reserves of Kaliningradneft assets as follows:

Asset	PROVED Reserves (1P), (000) bbl	PROVED + PROBABLE Reserves (2P), (000) bbl	PROVED+ PROBABLE + POSSIBLE Reserves (3P), (000) bbl
VESELOVSKOYE FIELD	2566	3984	11883
NOVO-SEREBRYANSKOYE FIELD	283	320	320
KALININGRADNEFT TOTAL	2 849	4304	12203

Our volumetric estimation of the Sechenovskoye oil field and Voyskiy license block based on the available information is as follows:

Estimated recoverable reserves of Sechenovskoye oil field = **6.489 MMBBL**

Estimated recoverable reserves of Voisky block (based on regional statistics) = **28.8MMBBL**

We have carried out economics modeling, which demonstrated the following results for the Kaliningradneft assets:

Asset	FCF USD mln.	NPV (10%), USD mln
KALININGRADNEFT	75	42
SHUVALOVSKY BLOCK	261	135
VOYSKIY BLOCK	140	64

WEG have used a methodology that is compliant with SPE/PRMS project based reserves and resources assessments per “Petroleum Resources Management System”(June 2018)

As per these guidelines, reserves or resources of each asset are estimated individually. Only those quantities of Petroleum that can be “commercially” produced and have an approved field development plan are categorized as Reserves. This guideline has been strictly adhered to in this report. A brief description of each reserves and resources category is as follows:

1. Reserves are those quantities of Petroleum, which are anticipated to be commercially recovered from known accumulations from a given date forward. There is uncertainty inherent in all calculations of reserves which depend on completeness and reliability of geological and engineering data. This uncertainty is expressed by the subdivision of reserves into proved and unproved. Unproved reserves are subdivided into probable and possible.
 - 1.1 Proved Reserves (1P) are those quantities of petroleum which, by analysis of geological and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under current economic conditions, operating methods, and government regulations. Proved reserves can be categorized as developed or undeveloped.
 - 1.2 Probable reserves are those unproved reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable.
 - 1.3 Possible reserves are those unproved reserves which analysis of geological and engineering data suggests are less likely to be recoverable than probable reserves.
 - 1.4 The category 2P equals Proven + Probable reserves, and category 3P equals Proven + Probable + Possible reserves.
2. Contingent Resources are those quantities of Petroleum, which are estimated, on a given date, to be potentially recoverable from known accumulations but which are not currently considered to be commercially recoverable (development during the calculated period is uneconomic and/or there is no approved development plan or there are no markets for the sale of the recovered quantities). The 1C, 2C, and 3C represent low, middle and high estimates as a result of the range of uncertainty in the parameters used in the computation of the resources.

Sincerely,



Pavel Khokhlov
Director

