2017

FULL YEAR REPORT FOR

TULIP OIL NETHERLANDS OFFSHORE B.V.

The Hague, 18 April 2018

HIGHLIGHTS IN 2017

+€79mln
Cash and cash equivalents

€49mln
Available fiscal losses
(€13mln in CIT and €36mln in SPS)

FID on Q10 gas field
► Read more in the press release

€87 million Bond issue
► Read more in the press release

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KEY EVENTS IN 2017

24 July 2017	Production licence secured for Q07/Q10a
25 October 2017	Company secures €87 million Senior Secured Callable bond financing
October 2017	Re-Capitalisation of €20.5 million loans from TON B.V. to TONO B.V.
November 2017	P15 route engineering and cost evaluation completed in order to enable the selection in January 2018

KEY EVENTS - OUTLOOK

1 January 2018	Tulip Oil Holding B.V. board expanded
11 January 2018	Final Investment Decision related to the development of the Q10 gas field
11 January 2018	Heads of Agreement signed with TAQA for the hook-up, transportation and processing of Q10 production
18/22 January 2018	Contracts awarded for the Q10 development for pipeline and production platform to Allseas and Heerema Fabrication Group Respectively.

Survey and trenching boat for pipeline

SUMMARY OF FINANCIAL RESULTS

(€ 1000)	**2017 FY**	**2016 FY**
Operating profit/(loss)	(1,944.8)	(7,098.6)
EBITDA	(1,883.1)	(1,337.0)
Net profit/(loss) for the year	(3,348.2)	(4,032.0)
Cash flow from operations	(4,183.1)	(2,338.0)
Cash flow from investments	(455.4)	(6,461.6)
Total assets	105,953.9	23,085.6
Net interest-bearing debt	93,322.5	27,651.6
Cash and cash equivalents	79,386.3	407.4

REPORT OF THE BOARD

CHIEF EXECUTIVE'S REVIEW

On the 11 January 2018, the Board of Tulip Oil Netherlands Offshore BV ("the Company" or "TONO") approved to take final investment decision ("FID") on the Q10 project. This marked the successful conclusion to many successful actions throughout 2017 to allow Tulips' Partner EBN and the board of Tulip to approve the commencement of the Q10 Project for Development.

Tulip's first exploration well in Q10

During 2017 the key highlights have been the successful placement in October of an €87 million senior secured bond to be listed on the Oslo Børs in 2018. This has proven to be a key enabler for the Company to develop the Q10 opportunity and once producing will provide a strong foundation for future development of projects in the pipeline.

TAQA operated P15-D Platform

The Company will now proceed with developing the field which is expected to become a major offshore producing asset in the Netherlands. The Q10 gas field development will encompass an unmanned offshore platform (Q10-A) with a pipeline tie back to the TAQA operated P15d platform to the south west of the platform. First gas is expected in 2019.

Q10 is located close to shore, 20km offshore The Netherlands in water depth of 24m. The company is now looking at a low risk "off-the-shelf" 5 well development.

The project main components will be executed under EPCI contracts. The pipeline scope has been awarded to Allseas and the production platform scope to Heerema Fabrication Group. The output is seen as a positive contributor to the Dutch economy and will contribute to offset production reductions from other assets in the Netherlands.

3D design view of the proposed Q10 platform

EBITDA for the year amounted to a loss of €1,883.1 (loss of €1,337.0) thousand and EBIT was a loss of €1,944.8 (loss of €7,098.6) thousand. Net profit/(loss) for the year was a loss of €3,348.2 (loss of €4,032.0) thousand. Interest bearing debt amounted to €93,322.5 (€27,651.6 thousand) at 31 December 2017 comprising of both the bond and the intercompany loan from Tulip Oil Netherlands BV. Fiscal corporate tax losses available at 31 December 2017 amounted to €13 million and fiscal state profit share losses pre corporate tax credit amounted to €36 million.

FINANCIAL REVIEW

INCOME STATEMENT

(€ 1000)	2017	2016
Total income	-	-
EBITDA	(1,883.1)	(1,337.0)
EBIT	(1,944.8)	(7,098.6)
Net financial items	(3,698.6)	(1,705.7)
Profit/(loss) before taxes	(5,643.4)	(8,804.3)
Taxes	2,295.2	4,772.3
Net profit/(loss) for the year	(3,348.2)	(4,032.0)

Other operating expenses amounted to €1,723.5 (€1,182.4) thousand. The increase arising from the company preparing for the Q10 development.

There is no depreciation in the period. The impairment of €61.7 thousand relates to the previous wells' write off (Q07-07) largely completed in 2016.

The company recorded a lower operating loss of €1,944.8 (loss of €7,098.6) thousand as a result of the impairment in 2016. On an EBITDA basis the loss is higher in 2017 as the company prepared to take final investment decision on the Q10 development in January 2018. The net loss for the period was €3,348.2 (loss of €4,032.0) thousand after net financial items of €-3,698.6 (€-1,705.7) thousand and a tax credit of €2,295.2 (€4,772.3) thousand.

STATEMENT OF FINANCIAL POSITION

(€ 1000)	2017	2016
Intangible/financial assets	12,015.3	7,916.9
PPE	14,037.0	13,729.6
Cash and cash equivalents	79,386.3	407.4
Net working capital	(1,795.4)	(558.1)
Total assets	105,953.9	23,085.6
Equity	10,866.4	(6,302.0)
Interest bearing debt	93,322.2	27,651.6

Total intangible and financial assets amounted to €12,015.3 (€7,916.9) thousand, of which deferred tax assets were €10,212.1 (€7,916.9) thousand. This increase arises from the recording of the current year's loss. Total available fiscal corporation tax losses amount to €13 million and fiscal state profit share losses pre corporate tax credit amount to €36 million.

Property, plant and equipment increased to €14,037.0 (€13,729.6) thousand, reflecting investments in the Q10 development on pre FEED studies.

The Company's cash and cash equivalents were €79,386.3 (€407.4) thousand as of 31 December 2017. Total assets were €105,953.9 (€23,085.6) thousand at the end of the year.

Equity amounted to €10,866.4 (€-6,302.0) thousand at the end of the year, corresponding to an equity ratio of 10.3% (-27.3%) percent. The improvement is resulting from additional share premium injected into the company following a loan equity swap.

Interest-bearing debt increased to €93,322.2 (€27,651.6) thousand, consisting of the TULIP bond of €85,322.2 thousand and intercompany loans of €8,000.0 thousand offset by bond setup costs of €2,417.6 thousand which are being amortised over the term of the bond similar to the discount on the bond issue.

CASHFLOW STATEMENT

(€ 1000)	**2017**	**2016**
Cash flow from operations	(4,183.1)	(2,338.0)
Cash flow from investing	(455.4)	(6,461.6)
Cash flow from financing	83,617.4	9,207.0
Net change in cash and cash eq.	78,978.9	407.4
Cash and cash eq. end of period	79,386.3	407.4

Net cash flow from operating activities was €-4,183.1 (€-2,338.0) thousand.

Net cash flow from investment activities was €-455.4 (€-6,461.6) thousand. Investments in fixed assets amounted to €455.4 (€6,461.6) thousand for the year, mainly reflecting capital expenditures ("CAPEX") on pre FEED studies for the Q10 development.

Net cash flow from financing activities in the second half year principally consisted of the bond placement raising funds of €85,322.2 thousand less legal and other costs for setup of €2,507.6 thousand. The discount on the bond is being amortised over the term of the bond.

Funding

At the end of the year, the company had total available liquidity of €79,386.3 (€407.4) thousand, comprising of cash and cash equivalents of €6,529.2 (€407.4) thousand and restricted cash and cash equivalents of €72,857.1 (€Nil) thousand. The restricted cash and cash equivalents partly relates to the payment of the first six quarters of interest payable on the bond. The balance is linked to the approval of the Q10 project and is available to be drawn down in tranches based on set criteria and timing.

In October 2017, the company priced senior secured notes offering of €87 million aggregate principal amount due in 2022 at par via a bullet repayment. The coupon rate on the bond amounts to 3 month EURIBOR + 8.5% p.a. with interest payable quarterly. The offering was closed on 25 October 2017.

Going concern

When preparing the consolidated special purpose financial statements, management has assessed the Company's ability to continue as a going concern. With the successful placement of a €87 million bond, the company has secured sufficient resources to continue as a going concern.

Forward-looking statements in this report reflect current views about future events and are, by their nature, subject to significant risks and uncertainties because they relate to events and depend on circumstances that will occur in the future.

All figures are presented in € unless otherwise stated, and figures in brackets apply to the previous year (2016).

DIRECTOR'S REPORT

The Board hereby submits to the shareholders the financial statements for the financial year 2017, as prepared by management and approved by the Board in its meeting of 18 April 2018. Deloitte Accountants B.V. audited the financial statements. Its report can be found on page 40. The Board recommends that shareholders, in accordance with the Articles of Association, adopt these financial statements and, as proposed by the Board, transfer the net loss for the 2017 financial year of €3,348.2 thousand to retained earnings.

Risks and Risk management

The following section is not intended to be an exhaustive list of risks and as such is a highlight to outline some of the potential risks as shared in previous communication's to investors. It merely complements and does not seek to replace or supersede previous communication's.

Effective management of risk forms an integral part of how Company operates as a business and is embedded in day-to-day operations.

Responsibility for identifying potential strategic, operational, reporting and compliance risks, and for implementing fit-for-purpose responses, lies primarily with line management. Company-wide risk management priorities are defined by management and endorsed by the Board, who bears ultimate responsibility for managing the main risks faced by the Company and for reviewing the adequacy of the Company's internal control system.

Management is inherently risk averse and has put in place processes, procedures and controls for monitoring its risks and taking relevant actions to manage the risks going forward. Where relevant the outcome of these risks is outlined in this report.

Development projects are associated with risks relating to delays and costs

Development projects, including the development of the Fields, involve advanced engineering work, extensive procurement activities and complex construction work to be carried out under various contract packages at different locations offshore and onshore. Furthermore, the Issuer must carry out drilling operations, install, test and commission offshore and onshore installations and obtain governmental approval to take them into use, prior to commencement of production. The complexity of the development of the Fields makes them sensitive to various circumstances and weather conditions, which may affect the planned progress or sequence of the various activities, as this may result in delays or costs increases.

The current or future projected target dates for production start of the development of the Fields may be delayed and significant cost overruns may incur due to delays, changes in any part of the development project, weather conditions, technical difficulties, project mismanagement, equipment failure, natural disasters, political, economic, taxation, legal, regulatory or social uncertainties, piracy, terrorism or protests, which again may materially adversely affect the Company's future business, operating results, financial condition and cash flow. Ultimately, there are risks that the rights granted under the Company's licences or agreements with the government may be forfeited and the Issuer may be liable to pay large penalty sums, which could jeopardize its ability to continue operations.

Finally, it is noted that the Company is dependent on cooperation with the state participant, EBN B.V., in the development, construction and operation of the Fields it is involved in, in the Netherlands. Further, EBN B.V.'s failure to comply with its obligations under any cooperation agreement may adversely affect the Issuer and the development and operation of the Dutch Fields.

Marketing and sale of hydrocarbons

The marketability and price of hydrocarbons produced by the Company will be affected by numerous factors beyond its control. The ability of the Company to market hydrocarbons may for instance depend upon its ability to reserve capacity in pipelines or ships for transportation of hydrocarbons to commercial markets and to processing facilities, as well as the operational functioning of such facilities. There is no guarantee that the terms of such potential connection agreements will be satisfactory to execute the development of the Fields. If the Company does not successfully market and sell hydrocarbons to prospective buyers, it could have a material adverse effect on the business, prospects, financial condition or results of operations.

The oil and gas industry is subject to commodity price fluctuations, which may adversely impact the Issuer's results of operations, financial condition and prospects

The Company's revenue and earnings will depend upon prevailing local and international oil and gas prices. Any material decline in oil and gas prices, to the extent not addressed by meaningful hedging arrangements, could result in a reduction of the Company's net production revenue. Oil and gas are globally traded and, as a result, the Company, in common with its local and international competitors, is unable to control the prices it receives for its oil and gas. Historically, oil and gas prices have been volatile and subject to wide fluctuations for many reasons, including but not limited to:
(i) global and regional supply and demand, and expectations regarding future supply and demand for oil and gas;
(ii) availability of pipelines, tanker ships and processing equipment; proximity to, and the capacity and cost of, transportation; petroleum refining capacity;
(iii) price, availability and government subsidies of alternative fuels; price and availability of new technologies; the ability of the members of the Organisation of the Petroleum Exporting Countries (OPEC) and other oil-producing nations to set and maintain specified levels of production and prices;
(iv) political, economic and military developments in producing regions, particularly the Middle East, Russia, Africa and Central and South America and domestic and foreign governmental regulations and actions, including export restrictions, taxes, repatriations and nationalisation;
(v) global and regional economic conditions; weather conditions and natural disasters; and
(vi) terrorism or the threat of terrorism, which may affect supply, transportation or demand for oil and gas and refined petroleum products.

It is impossible to predict accurately future oil and gas price movements, and oil and gas prices may not remain at their current levels

Recovery, reserve and resource estimates may prove inaccurate and reporting standards may differ from the standards of other jurisdictions

Estimates of economically recoverable oil and gas reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as geological projections of reserves and underground conditions, historical production, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and gas, oil and gas quality, transportation tariffs and capacity, royalty and taxation rates, assumed effects of regulation by governmental agencies and future operating costs, all of which may vary from actual results. All such estimates are, to some degree, speculative, and classifications of reserves are only attempts to define the degree of speculation involved. For those reasons, estimates of the economically recoverable oil and gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues expected therefrom prepared by different engineers, or by the same engineers at different times, may vary. The Company's actual production, revenues and development and operating expenditures with respect to its reserves will vary from estimates thereof, and such variations could be material.

If the actual reserves or resources of the Company are less than the current estimates or of lesser quality than expected, the Company may be unable to recover and produce the estimated levels or quality of oil or gas and, as a result, the Issuer may not recover its initial outlay of capital expenditures and operating costs of any such operation and there may be a material adverse effect on the business, prospects, financial condition or results of operations of the Company.

The Issuer's financial performance depends on its ability to locate and develop oil and gas reserves, to produce these reserves commercially and get paid for them

Oil and gas exploration and production is capital intensive, inherently uncertain in its outcome and involves a high degree of risk which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The Company's existing and future oil and gas projects may involve unprofitable efforts, either from dry wells or from wells that are productive but do not produce sufficient net revenues to return a profit after development, operating and other costs.

Completion of a well does not guarantee a profit on the investment or recovery of the costs associated with that well. In addition, drilling hazards or environmental damage could significantly affect operating costs, and production from successful wells may be adversely affected by conditions including delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, natural disasters, difficulties arising from environmental or other challenges, equipment or services shortages or failures, insufficient storage or transportation capacity or adverse geological conditions, procurement delays or difficulties arising from the political, environmental and other conditions in the areas where the hydrocarbons are located or through areas which the Company's products are transported, and those may also make it uneconomical to develop the hydrocarbons.

The Company is reliant on its completion of the Q10 development to achieve its projected production levels. In particular, there is a need to ensure the project (including the delivery by contractors and suppliers) is managed on time and within budget, using efficient technologies to achieve the required specifications. Oil and gas development projects are generally unpredictable and subject to substantial risk and uncertainties and may result in substantial cost overruns and or delays.

Production delays and declines, whether or not as a result of the foregoing conditions, may result in lower revenue or cash flows from operating activities until such time, if at all, that the delay or decline is cured or arrested. In the event that such cash flows are reduced in the future, the Company may be forced to scale back or delay discretionary capital expenditure, resulting in delays to, or the postponement of, the Company's planned production and development activities or making it uneconomical to develop Reserves and Contingent Resources, which could have a material adverse effect on its business, results of operations, financial condition or prospects.

Competition

The oil and natural gas industry is highly competitive. The Company's competitors for the exploration, development and production of hydrocarbons, and for capital to finance such activities include companies that have greater financial and personnel resources available to them than the Issuer.

The Company's ability to discover reserves, to participate in drilling opportunities and to identify and enter into commercial arrangements with customers will be dependent upon developing and maintaining close working relationships with its future industry partners, its ability to select and evaluate suitable drilling opportunities and to consummate transactions in a highly competitive environment.

Alternatives to and changing demand for petroleum products

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and gas, and technological advances in fuel economy and energy generation devices could reduce the demand for hydrocarbons. The Company cannot predict the impact of changing demand for oil and gas products, and any major changes may have a material adverse effect on the Company's business, financial condition and results of operations.

Cost of new technologies

The oil and gas industry is characterized by rapid and significant technological advancements and introductions of new products and services utilizing new technologies. Other oil and natural gas companies may have greater financial, technical and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before the Issuer. There can be no assurance that the Company will be able to respond to such competitive pressures and implement such technologies on a timely basis or at an acceptable cost. One or more of the technologies currently utilized by the Company or implemented in the future may become obsolete. In such case and if the Company is otherwise unable to utilize the most advanced commercially available technology, the Company's business, financial condition and results of operations could be materially adversely affected.

The Company may be unable to obtain or renew required concessions, licence, permits and other authorisations (together, "Licences") or such Licences may be suspended, terminated or revoked prior to their expiry

The Company conducts its exploration, development and production operations pursuant to a wide variety of Licences. The Company may not have all the Licenses needed for the development and operation of the Fields, and certain Licenses are subject to a process of public hearing and are therefore not final. There is no guarantee that all required Licenses will be granted in accordance with the applications, nor that they will be granted on conditions satisfactory to develop and operate the Fields. This implies a risk that the development of the Fields will not be carried out as planned, or that the costs and time frame of the development will differ from the current prognosis.

Such Licences contain conditions and requirements that must be met in order to maintain such Licences. A failure by the Company to meet the conditions and requirement under the Licences may cause the Licences to be revoked. Further, there can be no assurance that the relevant authorities will not significantly alter the conditions or area of, or that any third party will not challenge, the Licences held by the Company. There can further not be any assurance that an expired Licence will be renewed.

In addition, a Licence may be revoked, in whole or in part, by the competent authority in a limited number of circumstances set out in the Dutch Mining Act.

The loss or revocation of, or failure to renew a Licence, in whole or in part, could cause a substantial loss of value and earnings for the Issuer and may have a material adverse effect on the business of the Issuer and value of the Bonds.

A significant change in Dutch laws and regulations for the petroleum industry, particularly any unfavorable amendments to applicable tax laws, may have an adverse effect on the Company's business and financial condition.

The Company's operations in the Netherlands are subject to a complex set of general and specific laws, regulations and restrictions with respect to planning (permit) requirements, environmental requirements, health and safety requirements and other laws and regulations. In addition, the Company is subject to the special Dutch tax regime for petroleum exploration and production operations, pursuant to which not only corporate income tax is levied, but also a state profit share (staatsaandeel in de winst) is due in respect of the income from such petroleum exploitation operations.

The (tax) laws and regulations of the Netherlands, including the tax regime applicable to petroleum exploration and production operations, may be subject to change, and there may be changes in interpretation and enforcement of such tax (tax) laws or regulations. As a result, the Company may face increased costs for complying with such laws and regulations. In addition, the Company may face increases in the amount of tax and/or state profit share payable if rates increase, or if tax laws or regulations are modified in an adverse manner, or if new tax laws or regulations are introduced by the competent authorities with or without retrospective effect. Any additional taxes or other sums that become due could have a material adverse effect on the Company's business, results of operations, cash flow and financial condition.

Activities in the oil and gas sectors can be dangerous and may be subject to interruption

The Company's operations are subject to the significant hazards and risks inherent in the oil and gas sector in which it operates. These hazards and risks include:

(i) explosions and fires;

(ii) blowouts and other operational disruptions in relation to the Issuer's upstream exploration;

(iii) disruption to production operations;

(iv) leaks, spills, release of gas or soil contamination from site operations and storage;

(v) natural disasters;

(vi) ruptures and spills from crude and product carriers or storage tanks;

(vii) equipment break-downs and other mechanical or system failures;

(viii) improper installation or operation of equipment;

(ix) transportation accidents or disruption of deliveries of gas, crude oil, fuel, equipment and other supplies as well as capacity constraints in gas transportation pipelines;

(x) disruption of electricity, water and other utility services;

(xi) acts of political unrest, war or terrorism;

(xii) labour disputes; and

(xiii) community opposition activities.

In addition, the Company's operations are subject to all of the risks normally incidental to the drilling of oil and gas wells and the operation and development of oil and gas properties, including encountering unexpected formations or pressures, differential sticking of drilling assemblages, premature declines of reservoirs, equipment failures and other accidents (including accidents during equipment and rig moves), sour gas releases, uncontrollable flows of oil, natural gas or well fluids, adverse weather conditions, diseases impacting the health of personnel, pollution and other environmental risks.

Further, oil and gas development is dependent on the availability of certain equipment for which there is high demand and limited availability. Failure or delay in obtaining such equipment or infrastructure, including drilling rigs (in particular), pipelines and storage tanks, on which the Company's production activities are dependent, could result in disruptions to the Company's projects.

If any of these events were to occur, they could result in environmental damage, injury to persons, loss of life and/or a failure to produce oil or gas in commercial quantities. They could also result in significant delays to drilling programmes, a partial or total shutdown of operations, significant damage to the Company's equipment and equipment owned by third parties and personal injury or wrongful death claims being brought against the Issuer. These events could also put at risk some or all of the Company's Licenses which enable it to explore and develop, and could result in the Company incurring significant civil liability claims, significant fines or penalties, as well as criminal sanctions potentially being enforced against the Issuer and/or its officers.

In addition, the Company's operations, including the Issuer's drilling programme and other exploration activities, as well as the transport and other logistics on which the Company is dependent, may be adversely affected and severely disrupted by climatic conditions. Natural disasters or adverse conditions may occur in those geographical areas in which the Company operates, including severe weather, earthquakes, cyclones, excessive rainfall, tropical storms, floods, bridge or road washouts, droughts or epidemic and disease.

The Company's insurance and indemnities may not adequately cover all risks or expenses

The Company maintains insurance with respect to its operations in accordance with international oil field practice, including third party liability insurance up to specified limits, and it believes that its insurance programme is adequate to cover the consequences of the insurable hazards and risks to which the Company's operations are subject. However, the Company is unable to insure against all risks and may be exposed under certain circumstances to uninsurable hazards and risks which may result in financial liability, property damage, personal injury or other hazards or liability for the acts or omissions of sub-contractors, operators and joint venture partners. Although indemnities may have been provided by sub-contractors, operators and joint venture partners, such indemnities may be difficult to enforce given the financial positions of those giving the indemnities or due to the jurisdiction in which the Company seeks to enforce the indemnities, leaving the Company exposed to claims by third parties.

There is also no guarantee that the Company will be able to maintain adequate insurance in the future at rates the Company considers reasonable. Accordingly, the Company could incur substantial losses if an event which is not fully covered by insurance occurs, which would have a material adverse effect on the Company's business, results of operations and financial condition.

The Company's operations are subject to general and specific regulations and restrictions governing workplace health and safety requirements, environmental requirements, social impacts, and other laws and regulations

The Company's primary operational safety risks are those inherent in the oil and gas industry such as fires, blowouts, explosions, equipment or system failures and transportation accidents, which may result in death or injury of staff.

Certain of the Company's operations may also create environmental risks in the form of spills, and the release of gas or soil contamination from site operations, recycling and waste disposal.

A health, safety, security or environmental incident could lead to the Issuer having to make material changes to its facilities or processes and pay compensation to any injured parties. There can be no assurance that the Company will not incur substantial financial obligations, which may lead to an adverse effect on the Company's business, financial condition and prospects.

The Company's environmental liabilities could be significant

Significant liability could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of properties purchased or used by the Company, acts of sabotage by third parties or non-compliance with environmental laws or regulations by the Company. Such liabilities could have a material adverse effect on the Company. While the current legislation to which the Company is subject is limited, it is expected that additional environmental protection laws will be implemented in the future. It is not possible to predict what future environmental regulations will provide; however, these laws could impose additional obligations on the Company which may, for example, result in the Company incurring significant expenditures for the installation and operation of pollution control systems, as well as equipment for remedial measures and a penalty regime in the event of a breach of those laws, which could adversely affect the Company's business, financial condition and results of operations. It is also not possible to predict how environmental regulations will be applied or enforced in the future.

Furthermore, no assurance can be given that changes to environmental laws and regulations outside the Company's control will not result in a curtailment of production, a material increase in the cost of production, development or exploration activities, or increase compliance and remediation costs or otherwise adversely affect the Company's business, financial condition and results of operations or prospects.

The Company is dependent on its executive management and Board of Directors

The Company is dependent upon its executive management and board having relevant oil and gas experience. In this respect, it is noted that the Company currently has a small number of employees, but is reliant on services from other companies in the Company, meaning that the Company's control of key personnel's connection to the Company is remote. The loss of any of such personnel with its consequential loss of institutional and operational knowledge, experience, expertise and possible effect on governmental relations, and its ability to deliver the strategy of the Company could have a disproportionate and material adverse effect on the Company.

The loss of or diminution in the services of members of the Company's executive management team or board could have a material adverse effect on the Company's business, financial condition and results of operations.

There is no assurance that the Company will successfully continue to retain existing specialised personnel and executive management or attract additional qualified executive management and/or oil and gas personnel required to successfully execute and implement the Company's business plan, which will be particularly important as the Company expands. Competition for such personnel is intense. The loss of such personnel and the failure to successfully recruit replacements would adversely affect its business, prospects, financial condition and results of operations.

The Company relies on the services of third parties to implement its growth and development

The Company relies to a large extent on external contractors to carry out drilling activities, transportation of oil and gas and the construction, operation and maintenance of its facilities. As a result, the Company is dependent on external contractors performing satisfactorily and fulfilling their obligations. Any failure by an external contractor to perform satisfactorily and fulfil its obligations may lead to delays or curtailment of the production, transportation or delivery of oil and gas and related products. In addition, the costs of third party operators may increase, leading to higher production and transportation expenses for the Company. Any such failure in performance or increase in costs could have an adverse effect on the Company's results of operations.

Some of the services required for the Company's operations and strategic developments are currently only available on commercially reasonable terms from a limited number of providers. These operations and developments may be interrupted or otherwise adversely affected by failure to supply, or delays in the supply of, services that meet the Company's quality requirements. A change of a provider of such services may result in the Company experiencing additional costs, interruptions to supply continuity or other adverse effects on its business. There is no guarantee that the Issuer will be able to find adequate replacement services on a timely basis or at all. Any failure in performance by third party service providers, external contractors or consultants, increase in costs or inability to find adequate replacement services on a timely basis, if at all, could have a material adverse effect on the Company's business prospects, financial condition and results of operations.

The Company cannot accurately predict its future decommissioning liabilities

The Company has assumed certain obligations in respect of the decommissioning of its fields and related infrastructure. These liabilities are derived from legislative and regulatory requirements concerning the decommissioning of wells and production facilities and require the Company to make provision for and/or underwrite the liabilities relating to such decommissioning. Although the Company's accounts make a provision for such decommissioning costs, there can be no assurances that the costs of decommissioning will not exceed the amount of the long-term provision set aside to cover such decommissioning costs. In addition, governments may require decommissioning to be carried out in circumstances where there is no express obligation to do so, which may result in higher decommissioning costs than the Company expected at the time when provisions were made, and it may be required to provide cash-back guarantees, blocked cash deposits or similar upfront relating to future decommissioning costs. It is difficult to forecast accurately the costs that the Company will incur in satisfying its decommissioning obligations and the Company may have to draw on funds from other sources to bear such costs. Any significant increase in the actual or estimated decommissioning costs that the Issuer incurs could have a material adverse effect on the Company's business, results of operation, financial condition and prospects.

Risks associated with legal disputes

The Company may from time to time be involved in legal disputes and legal proceedings related to the Company's operations or otherwise. Such disputes and legal proceedings may be expensive and time-consuming, and could divert management's attention from the Company's business. Furthermore, legal proceedings could be ruled against the Company and the Company could be required to, inter alia, pay damages, halt its operations, stop its expansion projects, etc., which could consequently adversely affect the Company's business, prospects, results of operations or financial condition.

Political uncertainty

The citizens of the United Kingdom recently voted to withdraw from the European Union and the Government of the United Kingdom has started taking steps to implement such withdrawal. Some European countries have also experienced the rise of anti-establishment political parties and public protests held against open-door immigration policies, trade and globalization. To the extent that certain political actions taken in Europe and elsewhere in the world result in a marked decrease in free trade, access to personnel and freedom of movement, it could have an adverse effect on the Issuer's ability to market its products, increase costs for goods and services required for third party lessees' operations, reduce their access to skilled labour and as a result, negatively impact the Issuer's business, financial condition, results of operations or prospects.

RISKS RELATED TO BONDS AND THE BOND GUARANTEES

For specific risks related to the bond issued by Tulip Oil Netherlands Offshore B.V. please see the Tulip Oil website.

Board and Committees

After the end of the 2017 financial year, the Board of Tulip Oil Holding B.V. (the parent company) was expanded to include an independent non executive Chairman and non executive directors. This Board also addresses matters related to its subsidiaries. The Board is also now considering further expansions of sub committees to help with specific agenda items. The long-term success of the Company is the collective responsibility of the Board.

The current directors of Tulip Oil Netherlands Offshore B.V. are:

- Leo Koot, Non Executive Chairman – appointed 29 January 2018;
- Imad Mohsen, Chief Executive Officer;
- Roelof Platenkamp, Executive Chairman – resigned 29 January 2018;
- Roelof Platenkamp, Non Executive Director – appointed 29 January 2018;
- Ruud Schrama, Non Executive Director – appointed 29 January 2018;
- David Ellis, Non Executive Director;
- Richard Jennings, Non Executive Director – appointed 29 January 2018.

The role of the Board

The Board is accountable to shareholders for the creation and delivery of strong, sustainable financial performance and long-term shareholder value. It meets these aims through setting the Company's strategy and ensuring that the necessary resources are available to achieve the agreed strategic goals. The Board also sets the Company's key policies and reviews management and financial performance. The Board operates within a framework of controls and these clear procedures, lines of responsibility and delegated authorities allow risk to be assessed and managed effectively. These are underpinned by the Board's work to set the Company's core values and standards of business conduct and ensure that these, together with the Company's obligations to its stakeholders, are widely understood across all its activities.

Board meetings and visits

The Board and its Committees deal with its core activities in planned meetings throughout the year. Matters which require decisions outside the scheduled meetings are dealt with through additional ad hoc meetings and conference calls.

Internal controls

The Directors acknowledge their responsibility for the Company's systems of internal control, which are designed to safeguard the assets of the Company and to ensure the reliability of financial information for both internal use and external publication.

Overall control is ensured by a regular detailed reporting system covering both technical progress of projects and the state of the Company's financial affairs. The Board has put in place procedures for identifying, evaluating and managing principal risks that face the Company. Principal risks are regularly reported to the Board. The Company recognises that any system of internal control can provide only reasonable, and not absolute, assurance that material financial irregularities will be detected or that the risk of failure to achieve business objectives is eliminated. However, the Board's objective is to ensure that the Company has appropriate systems in place for the identification and management of risks.

Health, Safety and Environment

The Company has a policy to conduct operations in a manner that protects the health, safety and well being of its employees, contractors and the public. Significant efforts are undertaken to avoid impact to the environment and integrity of assets and damage.

Employees

During 2017, there we no direct employees of the Company.

Outlook

With the Board and partners taking final investment decision on the Q10 licence development in January 2018, the months and years ahead will be more demanding of both staff and management but also very exciting. The Board extends its thanks and appreciation to all of its employees for their hardwork during 2017.

The development of Q10 will result in considerable investments and the hiring of additional staff including contractors is expected.

On behalf of the Board
Leo Koot

Signed on original: Leo Koot

Chairman
18 April 2018

FINANCIAL STATEMENTS WITH NOTES

INCOME STATEMENT

(€ 1000)	Note	01.01-31.12 2017	2016 (Restated – note 1d)
Petroleum revenues		-	-
Total Income		**-**	**-**
Exploration expenses	*2*	(0.7)	(4.7)
Production costs		(158.9)	(149.9)
Depreciation		-	-
Impairments	*3, 8*	(61.7)	(5,761.6)
Other operating expenses	*4*	(1,723.5)	(1,182.4)
Total operating expenses		**(1,944.8)**	**(7,098.6)**
Operating profit/(loss)		**(1,944.8)**	**(7,098.6)**
Interest income		0.1	-
Other financial income		-	-
Interest expenses		(3,537.4)	(1,705.7)
Other financial expenses		(161.3)	-
Net financial items	*5*	**(3,698.6)**	**(1,705.7)**
Profit/(loss) before taxes		**(5,643.4)**	**(8,804.3)**
Tax (charge)/credit	*6*	2,295.2	4,772.3
Net profit/(loss) for the year		**(3,348.2)**	**(4,032.0)**
Net profit/(loss) for the year is attributable to:			
Tulip Oil Netherlands Offshore B.V.		(3,348.2)	(4,032.0)

STATEMENT OF COMPREHENSIVE INCOME

	01.01-31.12	
(€ 1000)	**2017**	**2016 (Restated – note 1d)**
Net profit/(loss) for the year	(3,348.2)	(4,032.0)
Total comprehensive income in year	**(3,348.2)**	**(4,032.0)**

STATEMENT OF FINANCIAL POSITION

(€ 1000)	Note	31.12.2017	31.12.2016 (Restated – note 1d)	31.12.2015 (Restated – note 1d)
ASSETS				
Intangible assets				
Other intangible assets	*7*	1,803.2	-	-
Financial assets				
Deferred tax assets	*6*	10,212.1	7,916.9	3,144.6
Tangible fixed assets				
Property, plant and equipment	*8*	14,037.0	13,729.6	13,030.0
Total non-current assets		**26,052.3**	**21,646.5**	**16,174.6**
Inventories				
Inventories		-	-	-
Receivables				
Accounts receivable		323.3	559.9	-
Other short-term receivables	*9*	192.0	471.8	-
Cash and cash equivalents				
Cash and cash equivalents *	*10*	79,386.3	407.4	-
Total current assets		**79,901.6**	**1,439.1**	**-**
TOTAL ASSETS		**105,953.9**	**23,085.6**	**16,174.6**

*including restricted cash and cash equivalents

STATEMENT OF FINANCIAL POSITION

(€ 1000)	Note	31.12.2017	31.12.2016 (Restated – note 1d)	31.12.2015 (Restated – note 1d)
EQUITY AND LIABILITIES				
Equity				
Share capital	*11*	-	-	-
Share premium	*12*	20,516.6	-	-
Retained earnings		(9,650.2)	(6,302.0)	(2,270.0)
Total equity		**10,866.4**	**(6,302.0)**	**(2,270.0)**
Non-current liabilities				
Long-term abandonment provision	*13*	69.0	146.2	-
Long-term bonds	*14*	82,904.6	-	-
Interest-bearing loans from affiliates	*15*	8,000.0	27,651.6	18,444.6
Other non-current liabilities		1,803.2	-	-
Current liabilities				
Trade creditors		664.4	1,347.2	-
Accrued expenses		58.3	13.6	-
Liabilities against affiliates		252.8	229.0	-
Other current financial liabilities	*16*	1,335.2	-	-
Total liabilities		**95,087.5**	**29,387.6**	**18,444.6**
TOTAL EQUITY AND LIABILITIES		**105,953.9**	**23,085.6**	**16,174.6**

The Hague, 18 April 2018

Signed on original: Imad Mohsen

Imad Mohsen
Chief Executive Officer

STATEMENT OF CHANGES IN EQUITY

(€ 1000)	Share capital	Share premium	Retained earnings (Restated – note 1d)	Total equity (Restated – note 1d)
Equity as of 31.12.2015 – previously stated	**-**	**-**	**984.9**	**984.9**
Prior year adjustment	-	-	(3,254.9)	(3,254.9)
Equity as of 31.12.2015 - restated	**-**	**-**	**(2,270.0)**	**(2,270.0)**
Share premium injection	-	-	-	-
Net profit/(loss) for the year	-	-	(4,032.0)	(4,032.0)
Equity as of 31.12.2016	**-**	**-**	**(6,302.0)**	**(6,302.0)**
Share premium injection		20,516.6	-	20,516.6
Net profit/(loss) for the year	-	-	(3,348.2)	(3,348.2)
Equity as of 31.12.2017	**-**	**20,516.6**	**(9,650.2)**	**10,866.4**

STATEMENT OF CASH FLOW

		01.01-31.12	
(€ 1000)	Note	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(loss) before taxes		(5,643.4)	(8,804.3)
Net financial items	5	3,698.6	1,705.7
Taxes paid during the year		-	-
Depreciation	8	-	-
Impairment losses		61.7	5,761.6
Interest paid:			
Interest expenses	5	(3,698.6)	(1,705.7)
Accretion expenses		9.1	-
Unwinding of discount on bond		62.2	
Change in other current financial liabilities		1,335.2	-
Amortisation of legal bond costs		90.0	-
Decrease/(increase) in trade and other receivables		516.2	(1,032.0)
Decrease/(increase) in trade, other payables and provisions		(614.1)	1,736.7
(Increase)/decrease in inventories		-	-
NET CASH FLOW FROM OPERATING ACTIVITIES		**(4,183.1)**	**(2,338.0)**
CASH FLOW FROM INVESTMENT ACTIVITIES			
Payments to acquire tangible fixed assets		(455.4)	(6,461.6)
NET CASH FLOW FROM INVESTMENT ACTIVITIES		**(455.4)**	**(6,461.6)**
CASH FLOW FROM FINANCING ACTIVITIES			
Loans received from affiliates	15	2,865.0	9,207.0
Loans repaid to affiliate	15	(2,000.0)	-
Bond setup costs paid	20	(2,507.6)	-
Net proceeds from issuance of bond	20	85,260.0	-
NET CASH FLOW FROM FINANCING ACTIVITIES		**83,617.4**	**9,207.0**
Net change in cash and cash equivalents		**78,978.9**	**407.4**
Cash and cash equivalents at start of the year		407.4	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**79,386.3**	**407.4**

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

a) General information

Tulip Oil Netherlands Offshore B.V. (the Company) is a limited Company incorporated in The Netherlands. The address of its registered office and principal place of business is Alexanderstraat 18, 2514JM Den Haag, The Netherlands, with its registered number 63654954.

The Company is an upstream development and production company with a focus on oil and gas assets in The Netherlands. The Company was established in July 2015 to exploit opportunities in undiscovered and undeveloped oil and gas fields in the Netherlands offshore and onshore sectors.

b) Adoption of new and revised standards

Standards not affecting the reported results or the financial position

New and revised Standards and Interpretations adopted in the current year did not have any significant impact on the amounts reported in these Financial Statements.

At the date of authorisation of these Financial Statements, the following Standards and Interpretations have not been applied in these Financial Statements:

IFRS 9	Financial Instruments
IFRS 16	Leases

The adoption of IFRS 9 Financial Instruments, which the Company will adopt for the year commencing 1 January 2018, will impact both the measurement and disclosures of financial instruments. The Company has reviewed its financial assets and liabilities and is expecting minimal impact from this standard given the financial assets of the Company primarily relate to trade and other receivables and cash and cash equivalents and the financial liabilities are measured at amortised cost. The Company also has no current hedging arrangements in place.

The adoption of IFRS 16 Leases, which the Company will adopt for the year commencing 1 January 2019, will impact both the measurement and disclosures of leases. IFRS 16 will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability for the lease instalments are recognized. The only exceptions are short-term and low-value leases, for which IFRS 16 allows accounting and reporting reliefs. The accounting for lessors will not significantly change. As at 31 December 2017, the Group has no non-cancellable operating lease commitments, see Note 18 – Commitments and Contingencies.

IFRS 15 Revenue will not have an effect on these financial statements due to the nature of the activities and the sales arrangements of the Company.

c) Changes in accounting policy

The Company's accounting policies are consistent with the prior year. Prior year figures have been reclassified to align to a more representative presentation for the Company. These reclassifications are very limited. Key line items such as profit after tax and net assets are the same as in previous years.

d) Prior year adjustment

The prior year financial statements have been restated for an overstatement in the deferred tax asset balance arising from the non recognition of some temporary differences. This restatement results in an adjustment to the opening retained earnings at 1.1.2016 of €3,254.9 thousand. The relevant restatements for 2016 are set out in note 6.

e) Basis of accounting

Financial Statements have been prepared in accordance with IFRS as adopted by the European Union (and therefore Financial Statements comply with Article 4 of the EU IAS Regulation) and Title 9 Book 2 of the Netherlands Civil Code.

The Financial Statements have been prepared on the historical cost basis, except for derivative financial instruments that have been measured at fair value and assets classified as held for sale which are carried at fair value less cost to sell. The Financial Statements are presented in euros and all values are rounded to the nearest €0.1 thousands, except where otherwise stated. The

Financial Statements have been prepared on a going concern basis.

The principal accounting policies adopted by the Company are set out below.

There are no other areas of judgement in applying the Company's accounting policies other than the estimates disclosed in Note 1x.

f) Joint arrangements

The Company is engaged in oil and gas exploration, development and production through unincorporated joint arrangements; these are classified as joint operations in accordance with IFRS 11. The Company accounts for its share of the results and net assets of these joint operations. In addition, where Tulip acts as Operator to the joint operation, the gross liabilities and receivables (including amounts due to or from non-operating partners) of the joint operation are included in the Company's balance sheet.

g) Revenue

Sales revenue represents the sales value, net of VAT, of the Company's share of liftings in the year. Revenue is recognized when goods are delivered and title has passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

h) Inventory

Inventories, other than oil products, are stated at the lower of cost and net realisable value. Cost is determined by the first in first-out method and comprises direct purchase costs, costs of production and transportation and manufacturing expenses. Net realisable value is determined by reference to prices existing at the balance sheet date.

Oil product is stated at net realisable value and changes in net realisable value are recognised in the income statement.

i) Foreign currencies

The euro is the presentation currency of the Company. Income and expense items are translated at the average exchange rates for the period. Transactions in foreign currencies are recorded at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities are translated into functional currency at the exchange rate ruling at the balance sheet date, with a corresponding charge or credit to the income statement.

j) Exploration, evaluation and production assets

The Company adopts the successful efforts method of accounting for exploration and evaluation costs. Pre-licence costs are expensed in the period in which they are incurred. All licence acquisition, exploration and evaluation costs and directly attributable administration costs are initially capitalised in cost centres by well, field or exploration area, as appropriate. Interest payable is capitalised insofar as it relates to specific development activities.

These costs are then written off as exploration costs in the income statement unless commercial reserves have been established or the determination process has not been completed and there are no indications of impairment.

All field development costs are capitalised as property, plant and equipment. Property, plant and equipment related to production activities is amortised in accordance with the Company's depletion and amortisation accounting policy.

Impairment is determined by assessing the recoverable amount, using the 'Value in Use' method, of each CGU (or group of CGUs) to which the asset relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized.

k) Commercial reserves

Commercial reserves are proven and probable oil and gas reserves, which are defined as the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible.

l) Depletion and amortisation

All expenditure carried within each field is amortised from the commencement of production on a unit of production basis, which is the ratio of oil and gas production in the period to the estimated quantities of commercial reserves at the end of the period plus the production in the period, generally on a field-by-field basis or by a group of fields which are reliant on common infrastructure. Costs used in the unit of production calculation comprise the net book value of capitalised costs plus the estimated future field development costs required to recover the commercial reserves remaining. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively.

Where there has been a change in economic conditions that indicates a possible impairment in a discovery field, the recoverability of the net book value relating to that field is assessed by comparison with the estimated discounted future cash flows based on management's expectations of future oil and gas prices and future costs.

In order to discount the future cash flows the Company calculates CGU-specific discount rates. The discount rates are based on an assessment of the Company's post-tax Weighted Average Cost of Capital (WACC). The post-tax WACC is subsequently grossed up to a pre-tax rate.

Where there is evidence of economic interdependency between fields, such as common infrastructure, the fields are grouped as a single CGU for impairment purposes.

Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the income statement, net of any amortization that would have been charged since the impairment.

m) Decommissioning

Provision for decommissioning is recognised in full when the related facilities are installed. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related property, plant and equipment. The amount recognised is the estimated cost of decommissioning, discounted to its net present value, and is reassessed each year in accordance with local conditions and requirements.

Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property, plant and equipment. The unwinding of the discount on the decommissioning provision is included as a finance cost.

n) Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

o) Property, plant and equipment

Property, plant and equipment is stated in the balance sheet at cost less accumulated depreciation and any recognised impairment loss.

Depreciation on property, plant and equipment other than production assets is provided at rates calculated to write off the cost less the estimated residual value of each asset on a straight line basis over its expected useful economic life of between three and five years.

p) Finance costs and debt

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Finance costs of debt are allocated to periods over the term of the related debt at a constant rate on the carrying amount. Arrangement fees and issue costs are deducted from the debt proceeds on initial recognition of the liability and are amortised and charged to the income statement as finance costs over the term of the debt.

q) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. For purposes of corporate income tax, Tulip Oil Netherlands Offshore B.V. forms a fiscal unity with Tulip Oil Netherlands B.V. and Tulip Holding B.V. as of 1 June 2016. The companies are separately liable for tax. For the calculation of corporate income tax horizontal compensation is applicable as of 1 June 2016.

Current and deferred tax are provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred corporation tax is recognised on all temporary differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or right to pay less, tax in the future have occurred at the balance sheet date. Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the underlying temporary differences can be deducted. Deferred tax is measured on a non-discounted basis.

Deferred tax is provided on temporary differences arising on acquisitions that are categorised as Business Combinations. Deferred tax is recognised at acquisition as part of the assessment of the fair value of assets and liabilities acquired. Any deferred tax is charged or credited in the income statement as the underlying temporary difference is reversed.

State Profit Share tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the annual account and profit calculated for taxation purposes, and with which deferred tax assets (if applicable) are only valued insofar as their realization is likely.

r) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

s) Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

t) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

u) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

v) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

w) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

x) Critical accounting judgements

The Company assesses critical accounting judgements annually. The following are the critical judgements, that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

• Carrying value of property, plant and equipment (note 8):

Management performs impairment reviews on the Company's property, plant and equipment assets at least annually with reference to indicators in IAS 36 Impairment of Assets. Where indicators are present and an impairment test is required, the calculation of the recoverable amount requires estimation of future cash flows within complex impairment models.

Key assumptions and estimates in the impairment models relate to: commodity prices that are based on forward curves for two years, the mid-term price assumption for three years after this and the long-term corporate economic assumptions thereafter, pre-tax discount rates that are adjusted to reflect risks specific to individual assets, commercial reserves and the related cost profiles.

• Commercial reserves estimates used in the calculation of depreciation and impairment of property, plant and equipment (note 8):

Proven and probable reserves are estimates of the amount of oil and gas that can be economically extracted from the Company's oil and gas assets. The Company estimates its reserves using standard recognised evaluation techniques. The estimate is reviewed at least twice annually by management and is reviewed as required by independent consultants.

Proven and probable reserves are determined using estimates of oil and gas in place, recovery factors and future commodity prices, the latter having an impact on the total amount of recoverable reserves. Future development costs are estimated taking into account the level of development required to produce the reserves by reference to operators, where applicable, and internal engineers.

• Presumption of going concern:

The Company closely monitors and manages its liquidity risk. Cash forecasts are regularly produced and sensitivities run for different scenarios including, but not limited to, changes in commodity prices and different production rates from the Company's producing assets. In the currently low commodity price environment, the Company has taken appropriate action to reduce its cost base and increase liquidity. The Company's forecasts show that the Company will be able to operate within its current debt facilities and have sufficient financial headroom for the 12 months from the date of approval of the 2017 Annual Report and Accounts.

Notwithstanding our forecasts of liquidity headroom throughout the 12-month period, risk remains in relation to the volatility of the oil price environment, operational performance of the Company's assets, their impact on operating cash flows and the Company's currently contracted debt maturity profile, such that the Company's liquidity position may deteriorate within the assessment period.

To mitigate these risks and to fulfil the Company's objective to reduce net debt, the Company continues to closely monitor cash flow projections and will take mitigating actions in advance to maintain our liquidity. Actions available to the Company include additional funding options, further rationalisation of our cost base, including cuts to discretionary capital expenditure, and portfolio management.

Based on the analysis above and the level of mitigating actions available, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and hence continue to adopt the going concern basis of accounting in preparing the Financial Statements.

• Decommissioning costs (note 13):

Decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to the relevant legal requirements, the emergence of new technology or experience at other assets. The expected timing, work scope, amount of expenditure and risk weighting may also change. Therefore significant estimates and assumptions are made in determining the provision for decommissioning.

The estimated decommissioning costs are reviewed annually by an internal expert and the results of this review are then assessed alongside estimates from Operators. Provision for environmental clean-up and remediation costs is based on current legal and contractual requirements, technology and price levels.

• Deferred tax assets (note 6):

Deferred tax assets are recognised only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those assets are likely to reverse, and a judgement as to whether or not there will be sufficient taxable profits available to offset the assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognised in respect of deferred tax assets as well as in the amounts recognised in income in the period in which the change occurs.

Note 2 Exploration expenses

	01.01-31.12	
(€ 1000)	2017	2016
Other exploration expenses	0.7	4.7
Total exploration expenses	**0.7**	**4.7**

Note 3 Impairments

Impairment tests of individual cash-generating units are performed when impairment triggers are identified using a discount rate of 10% (2016: 10%). No triggers have been identified during 2017. The Q10 project took Final Investment Decision on 11 January 2018.

Note 4 Other operating expenses

	01.01-31.12	
(€ 1000)	2017	2016
Salary and contractors	9.8	47.5
Travel and travel related costs	109.2	25.8
IT and communication	89.2	0.6
Professional fees	285.6	22.7
Cost recharges	1,672.4	1,213.1
Other (including recovery)	(442.7)	(127.3)
Total other operating expenses	**1,723.5**	**1,182.4**

There are no employees of the company in 2017 (2016: Nil). The audit fee and other non audit related fees have been disclosed in the financial statements of the parent company.

The directors of Tulip Oil Netherlands Offshore B.V. received no compensation for their services. All fees related to the duties of the directors is disclosed in the consolidated financial statements of the parent, Tulip Oil Holding B.V.

Note 5 Financial items

	01.01-31.12	
(€ 1000)	2017	2016
Interest income	(0.1)	-
Total interest income	**(0.1)**	**-**
Interest expenses	1,335.2	-
Interest on loans from affiliates	2,202.2	1,705.7
Capitalized interest cost, development projects	-	-
Total interest expenses	**3,537.4**	**1,705.7**
Bond discount unwinding	62.2	-
Accretion expenses	9.1	-
Amortized loan costs	90.0	-
Total other financial expenses	**161.3**	**-**
Net financial items	**3,698.6**	**1,705.7**

Note 6 Tax (charge/credit)

	01.01-31.12	
Taxes for the period (€ 1000)	2017	2016
Calculated current year tax	-	-
Change in deferred taxes	2,295.2	4,772.3
Tax (charge)/credit	**2,295.2**	**4,772.3**

The income tax credit for the year can be reconciled to the accounting profit as follows:

	01.01-31.12	
(€ 1000)	2017	2016
Profit/(loss) before taxes	**(5,643.4)**	**(8,804.3)**
Combined tax rate of corporate income tax and State Profit Share of 50% (2016: 50%)	2,821.7	4,402.2
CIT charge	1,410.8	2,201.1
Uplift	314.5	515.7
Marginal field incentive	204.0	1,471.0
Other movements	747.7	833.5
CIT credit for State Profit Share	(1,701.1)	(3,343.1)
Horizontal relief not compensated	(400.1)	(891.6)
CIT credit on State Profit Share temporary differences	(1,102.3)	(416.5)
Tax credit	**2,295.2**	**4,772.3**

	Tax losses	Provisions	Other	Total
Deferred taxes for the period (€ 1000)				
At 1 January 2016 – as originally stated	**5,312.0**	**-**	**1,087.5**	**6,399.5**
Prior year adjustment	(850.6)	-	(2,404.3)	(3,254.9)
At 1 January 2016 – as restated	**4,461.4**	**-**	**(1,316.8)**	**3,144.6**
(Charged)/credited to:				
Profit and loss account	5,590.6	73.1	(891.4)	4,772.3
At 31 December 2016	**10,052.0**	**73.1**	**(2,208.2)**	**7,916.9**
(Charged)/credited to:				
Profit and loss account	3,277.4	(38.6)	(943.6)	2,295.2
At 31 December 2017	**13,329.4**	**34.5**	**(3,151.8)**	**10,212.1**

The significant deferred tax assets at the end of the year relate primarily to the corporate income tax losses that can be carried for a period of nine years from the originating year and State Profit Share losses that can be carried forward indefinitely. Management expects to recover these losses against future profits.

Note 6 Tax (charge/credit) *(cont'd)*

The restatement for 2016 has the following impact:

(€ 1000)		2016 (restated)	2016 (as originally stated)	Restatement
Deferred tax asset		7,916.9	13,291.0	(5,374.1)
Tax credit in the profit and loss account		4,772.3	6,892.0	(2,119.7)
Equity		(6,302.0)	(927.9)	(5,374.1)

Note 7 Intangible fixed assets

(€ 1000)	Licences
Acquisition cost 31.12.2015	**-**
Accumulated depreciation and impairments 31.12.2015	**-**
Book value 31.12.2015	**-**
Book value 31.12.2016	**-**
Acquisition cost 31.12.2016	**-**
Additions*	1,803.2
Disposals	-
Reclassification	-
Acquisition cost 31.12.2017	**1,803.2**
Accumulated depreciation and impairments 31.12.2016	**-**
Depreciation	-
Impairment	-
Retirement/transfer depreciations	-
Accumulated depreciation and impairments 31.12.2017	**-**
Book value 31.12.2017	**1,803.2**

*see Note 18

Licences are depreciated over a period of 24 years.

Note 8 Tangible fixed assets

(€ 1000)	Assets under construction	Production facilities including wells	Fixtures and fittings, office equipment	Total
Acquisition cost 31.12.2015	**13,030.0**	**-**	**-**	**13,030.0**
Additions	**6,461.2**	**-**	**-**	**6,461.2**
Other movements	**-**	**-**	**-**	**-**
Reclassification	**-**	**-**	**-**	**-**
Acquisition cost 31.12.2016	**19,491.2**	**-**	**-**	**19,491.2**
Accumulated depreciation and impairments 31.12.2015	**-**	**-**	**-**	**-**
Depreciation	**-**	**-**	**-**	**-**
Impairment	**(5,761.6)**	**-**	**-**	**(5,761.6)**
Retirement/transfer depreciations	**-**	**-**	**-**	**-**
Accumulated depreciation and impairments 31.12.2016	**(5,761.6)**	**-**	**-**	**(5,761.6)**
Book value 31.12.2016	**13,729.6**	**-**	**-**	**13,729.6**
Acquisition cost 31.12.2016	**19,491.2**	**-**	**-**	**19,491.2**
Additions	455.3	-	-	455.3
Other movements	(86.2)	-	-	(86.2)
Reclassification	-	-	-	-
Acquisition cost 31.12.2017	**19,860.3**	**-**	**-**	**19,860.3**
Accumulated depreciation and impairments 31.12.2016	**(5,761.6)**	**-**	**-**	**(5,761.6)**
Depreciation	-	-	-	-
Impairment	(61.7)	-	-	(61.7)
Retirement/transfer depreciations	-	-	-	-
Accumulated depreciation and impairments 31.12.2017	**(5,823.3)**	**-**	**-**	**(5,823.3)**
Book value 31.12.2017	**14,037.0**	**-**	**-**	**14,037.0**

	01.01-31.12	
Depreciation in the Income statement (€ 1000)	2017	2016
Depreciation of tangible fixed assets	-	-
Depreciation of intangible assets	-	-
Total depreciation in the Income statement	**-**	**-**
Impairment in the Income statement (€ 1000)		
Impairment/(reversal) of tangible fixed assets	61.7	5,761.6
Total impairment in the Income statement	**61.7**	**5,761.6**

Note 8 Tangible fixed assets *(cont'd)*

Joint arrangements

Tulip Oil Netherlands Offshore B.V. has the following interest in joint arrangement which classifies as a joint operation:

			01.01-31.12	
Joint arrangement	**Partner**	**Status**	**2017**	**2016**
Q7-Q10 (offshore block)	Energie Beheer Nederland	Operated	60%	60%

Note 9 Other short-term receivables

(€ 1000)	31.12.2017	31.12.2016
Prepayments	20.7	-
VAT receivable	171.3	471.8
Total other short-term receivables	**192.0**	**471.8**

Note 10 Cash and cash equivalents

The item 'Cash and cash equivalents' consists of bank accounts and bond related restricted cash balances. The restricted funds relate to four quarters of interest payments on the bond and the remaining amount relates to funds available in specified tranches after final investment decision. Final investment decision of the project was taken on 11 January 2018.

(€ 1000)	31.12.2017	31.12.2016
Cash in hand	-	-
Bank accounts	6,529.2	407.4
Restricted funds	72,857.1	-
Cash and cash equivalents	**79,386.3**	**407.4**

Note 11 Share capital

(€ 1000)	31.12.2017	31.12.2016
Share capital	-	-

The share capital of Tulip Oil Netherlands Offshore B.V. consists of 1 share with a par value of €1. Tulip Oil Netherlands B.V. is the single shareholder of the company.

Note 12 Share premium

(€ 1000)	31.12.2017	31.12.2016
Share premium	20,516.6	-

The additional share premium injected in the year relates to the conversion of the loan from Tulip Oil Netherlands B.V. into equity.

Proposed appropriation of result

The Company proposes to transfer the net loss for the year of €3,348.2 thousand to retained earnings in accordance with Article 4.1 of Articles of Association.

Note 13 Provision for decommissioning costs

(€ 1000)	31.12.2017	31.12.2016
Provisions as of beginning of the period	146.2	-
Accretion expense - present value calculation	9.1	-
Change in estimates*	(86.3)	146.2
Total provision for decommissioning costs	**69.0**	**146.2**
Break down of the provision to short-term and long-term liabilities		
Short-term	-	-
Long-term	69.0	146.2
Total provision for decommissioning costs	**69.0**	**146.2**

* The change in estimates are mainly related to a review undertaken on decommissioning in the context of actual experience on other fields in the Tulip Oil Holding B.V. Group.

Decommissioning liabilities are determined using an inflation rate of 2.3% (2016: 2.5%) and a discount rate of 8.5% (2016: 6.5%).

Note 14 Bonds

(€ 1000)	31.12.2017	31.12.2016
TULIP Senior secured bond	85,322.2	-
Bond setup costs	(2,417.6)	-
Long-term bonds	**82,904.6**	**-**

The loan of €87 million (face value) is denominated in € and runs from October 2017 to September 2022 and carries an interest rate of 3 month EURIBOR + 8.5%. The principal falls due on September 2022 and interest is paid on a quarterly basis. Tulip Oil Netherlands Offshore B.V. is the issuer of the Bond and Tulip Oil Netherlands B.V. and Tulip Oil Holding B.V. are Guarantors.

In respect of the bond the following pledges are required:

- Tulip Oil Holding B.V. Intra-Group Loan Pledge over all intra-Group loans made by the Ultimate Parent to the Parent, granted by the Ultimate Parent in favour of the Bond Trustee on first priority, as security for the obligations and liabilities;
- Tulip Oil Netherlands B.V. Share Pledge over all of the shares in the Parent, granted by the Ultimate Parent in favour of the Bond Trustee on first priority, as security for the obligations and liabilities;
- Tulip Oil Netherlands B.V. Subordinated Loans Pledge over all Subordinated Loans made by the Parent to the Issuer, granted by the Parent in favour of the Bond Trustee on first priority, as security for the obligations and liabilities;
- A Dutch law governed omnibus pledge granted by Tulip Oil Netherlands Offshore B.V. in favour of the bond holders on first priority, as security for the obligations and liabilities comprising:

  (a) a receivables pledge of all of Tulip Oil Netherlands Offshore B.V.'s monetary claims under or with respect to any insurances required to be taken out;

  (b) a receivables pledge over each of Tulip Oil Netherlands Offshore B.V.'s existing bank accounts held with Dutch banks (except for the Escrow Account and the Debt Service Retention Account related to the bond);

  (c) a receivables pledge over the earnings from the sale of hydrocarbons; and

  (d) a receivables pledge over monetary claims under or with respect to any loans granted by the Tulip Oil Netherlands Offshore B.V. to another Group Company.

A voluntary repayment option exists to redeem the outstanding bonds at set prices at specified periods upto April 2022. At the balance sheet date the call option on the bond is significantly out of the money and hence has no value attached to it.

Note 15 Interest bearing loans from affiliates

(€ 1000)	31.12.2017	31.12.2016
Balance at the beginning of the year	27,651.6	18,444.6
Movements during the year:		
Additions	2,865.0	9,207.0
Repayments	(2,000.0)	-
Conversion from loan to equity	(20,516.6)	-
Balance at the end of the year	**8,000.0**	**27,651.6**

Tulip Oil Netherlands Offshore B.V. has entered into a loan agreement with Tulip Oil Netherlands B.V. to finance the purchase of the licence interest in Q7 and Q10. The loan is unsecured, bears an interest rate of 8.4% per annum and is repayable by 1 January 2020. During 2017 a loan to equity swap of €20,516.6 thousand was effected to increase share premium and reduce the loan amount.

Note 16 Other current financial liabilities

(€ 1000)	31.12.2017	31.12.2016
Interest due on TULIP bond	**1,335.2**	**-**
Total other current financial liabilities	**1,335.2**	**-**

Note 17 Financial instruments

Financial risk management objectives

The Company is exposed to a variety of risks including commodity price risk, interest rate risk, credit risk, foreign currency risk and liquidity risk. The use of derivative financial instruments (derivatives) is governed by the Company's policies approved by the Board of Directors. Compliance with policies and exposure limits are monitored and reviewed internally on a regular basis. The Company does not enter or trade financial instruments, including derivatives, for speculative purposes.

Fair values of financial assets and liabilities

The Company considers the carrying value of all its financial assets and liabilities to be materially the same as their fair value.

The Company has no material financial assets that are past due. No financial assets are impaired at the balance sheet date. All financial assets and liabilities are measured at amortised cost.

Commodity price risk

The Company does not use derivatives to mitigate the commodity price risk associated with its underlying oil and gas revenues.

Cash flow and interest rate risk

The Company's principal exposure to interest costs now relates to the bond issue. The bond carries an interest rate of 3 month EURIBOR + 8.5%. No interest rate hedging has been taken out by the Company as management believes the effects of an adverse change in the EURIBOR to be low. The Company's financial assets and liabilities, excluding trade and other receivables and trade and other payables, at 31 December 2017 and 2016 were all denominated in €. No other currencies of cash or debt are held.

The following table demonstrates the sensitivity of the Company's financial instruments to reasonably possible movements in interest rates:

		Effect on finance costs		Effect on equity	
(€1000)	Market movement	**2017**	**2016**	**2017**	**2016**
Interest rate	100 basis points	870.0	-	(448.7)	-

Cash flow risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing cashflow is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due.

The Company actively manages its cashflow risk by maintaining sufficient cash and cash equivalents and the availability of the funds from the bond secured by Tulip Oil Netherlands Offshore B.V. helps to ensure that sufficient cash exists to meet its obligations going forward.

Credit risk

The Company has a credit policy that governs the management of credit risk, including the establishment of counterparty credit limits and specific transaction approvals. The primary credit exposures for the Company are its receivables generated by the marketing of crude oil and gas and amounts due from JV partners. These exposures are managed at the corporate level. The Company's crude sales are predominantly made to international oil market participants including the oil majors, trading houses and refineries. JV partners are predominantly international major oil and gas market participants. Counterparty evaluations are conducted

Note 17 Financial instruments *(cont'd)*

utilising international credit rating agency and financial assessments. Where considered appropriate, security in the form of trade finance instruments from financial institutions with appropriate credit ratings, such as letters of credit, guarantees and credit insurance, are obtained to mitigate the risks.

Foreign currency risk

The Company conducts and manages its business predominately in euro's, the operating currency of the industry in which it operates. From time to time the Company undertakes certain transactions denominated in other currencies. There were no foreign currency financial derivatives in place at the 2017 year end (2016: €nil).

As at 31 December 2017, there were no material monetary assets or liabilities of the Company that were not denominated in the functional currency of the respective subsidiaries.

The Company does not see material movements arising from foreign currency fluctuations.

Liquidity risk

The Company manages its liquidity risk using both short and long-term cash flow projections, supplemented by debt financing plans and active portfolio management. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework covering the Company's short, medium and long-term funding and liquidity management requirements.

The Company closely monitors and manages its liquidity risk. Cash forecasts are regularly produced and sensitivities run for different scenarios including, but not limited to, changes in commodity prices, different production rates from the Company's producing assets and delays to development projects. In addition to the Company's operating cash flows, portfolio management opportunities are reviewed to potentially enhance the financial capability and flexibility of the Company.

The Company's forecast, considering the risks described above, show that the Company will be able to operate within its current debt facilities and have sufficient financial headroom for the 12 months from the date of approval of the 2017 Annual Report and Accounts.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

(€ 1000)	Weighted average effective interest rate (%)	1-3 months	3 Months to 1 year	1-5 years	5- years	Total
31 December 2017						
Long term bonds	8.5	-	-	85,322.2	-	85,322.2
Loans from affiliates	8.4	-	-	8,000.0	-	8,000.0
		-	**-**	**93,322.2**	**-**	**93,322.2**
31 December 2016						
Loans from affiliates	8.4	-	-	27,651.6	-	27,651.6
		-	**-**	**27,651.6**	**-**	**27,651.6**

Note 18 Commitments and contingencies

(€ 1000)	2017	2016
Operating lease commitments		
Due within one year	-	-
After one year but within two years	-	-
After two years but within five years	-	-
Due after five years	-	-
	-	-
Contingent liabilities:		
Performance guarantees	-	-
Other contingent liabilities	-	1,876.5
	-	**1,876.5**

During 2016 Tulip Oil Netherlands Offshore B.V. recorded a contingent liability inherited from Tulip Oil Netherlands B.V.'s acquisition of the Q7-Q10 license from PA Resources Ltd for an amount of GBP 1.6 million. In 2017 this amount has been recorded as an other liability and intangible fixed asset given approval of the project in January 2018.

Tulip Oil Holding B.V., Tulip Oil Netherlands B.V. and Tulip Oil Netherlands Offshore B.V. are part of a fiscal unity where each entity is individually liable for the tax payments.

Note 19 Related party transactions

The Directors of Tulip Oil Netherlands Offshore B.V. are the only key management personnel as defined by IAS 24 – Related Party Disclosures. This function is provided by certain management companies and their personnel to Tulip Oil Holding B.V. from which recharges to the various affiliates in the Group are conducted.

The Company is wholly and directly controlled by Tulip Oil Netherlands B.V. and by its ultimate parent Tulip Oil Holding B.V. Management costs are paid by and recognized in Tulip Oil Holding B.V.

Transactions with other related parties are set out below:

(€ 1000)	Transaction type	2017	2016
Cost recharges	Other related parties	1,392.7	2,261.2
Outstanding balances payable at end of year:			
Tulip Oil Holding B.V.	Services provided	211.3	162.7
Rhein Petroleum	Services provided	41.5	66.3
Tulip Oil Netherlands B.V.	Intercompany loan	8,000.0	27,651.6

Note 20 Reconciliation of financing cashflows

(€ 1000)	01.01.2017	Financing cashflow	Non cash movements	31.12.2017
Amortised bond costs	-	(2,507.6)	90.0	(2,417.6)
Share premium	27,651.6	865.0	(20,516.6)	8,000.0
Long term bond	-	85,260.0	62.2	85,322.2

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Independent auditor's report

To the shareholders and Board of Tulip Oil Netherlands Offshore B.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2017 INCLUDED IN THE ANNUAL ACCOUNTS

Our opinion

We have audited the accompanying financial statements 2017 of Tulip Oil Netherlands Offshore B.V., based in The Hague.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Tulip Oil Netherlands Offshore B.V. as at December 31, 2017, and of its result and its cash flows for 2017 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. The statement of financial position as at December 31, 2017.
2. The following statements for 2017: the income statement, the statements of comprehensive income, changes in equity and cash flows.
3. The notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing.
Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Tulip Oil Netherlands Offshore B.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL ACCOUNTS

In addition to the financial statements and our auditor's report thereon, the annual accounts contain other information that consists of:

- Report of the Board.

- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code.
- Other information included in the Annual Accounts.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Report of the Board in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

Responsibilities of management and Board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.

- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identified during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The Hague, April 18, 2018

Deloitte Accountants B.V.

Signed on the original: W.P.C. Meeuwisse