C.O. Cyprus Opportunity Energy Public Company Limited

UnauditedConsolidated Interim Condensed Financial Statements
30 June 2017

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Unaudited Consolidated Interim Condensed Financial Statements for the six months ended30 June 2017

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For the period ended 30 June 2017

Background information

C.O. Cyprus Opportunity Energy Public Company Ltd (the "Company") was incorporated in Cyprus on 10 February 2012 (registration no. HE 301167) under the provisions of the Cyprus Companies Law, Cap. 113. On 17 July 2012, the Company was listed on the Emerging Companies Market of the Cyprus Stock Exchange.

The primary intention of the Company was to participate in oil and/or gas exploration and upstream activities in the exclusive economic zone of Cyprus. As Plan B, the Company is leveraging its strong business network in the oil and gas upstream field to pursue participation in other projects in the exclusive economic zone of Cyprus and in oil and gas projects around the world. As plan C, the Company will invest in securities of oil and gas exploration companies in the Levant Basin.
In addition to the overall business plan presented, the Company may purse, on an opportunistic and/or synergistic basis, participation in and collaboration with other projects dealing with exploration, production and marketing of oil and gas.

For further details on the background information please refer to the notes of these interim condensed financial statements.

Share Capital

For the changes in the share capital during the period ended 30 June 2017, please refer to Note 6 of the financial statements.

Explanatory Statement in accordance with the Regulatory Administrative Act 326/2009 of the Cyprus Stock Exchange (continued)

For the period ended 30 June 2017

Summary of financial results

During the period ended 30 June 2017, the Company did not generate any revenue in accordance with its business plan. The loss for the period amounted to US$64.711(2016: US$103.512). Expenses incurred by the Company during the period included administrative expenses of US$64.884(2016: US$97.562).

Net finance income during the period amounted to US$173(2016: expense of US$3.943) and mainly relates to foreign exchange gains incurred by the Company on various transactions in foreign currencies.

Financial position of the Company

As at 30 June 2017 the total assets of the Company amounted to US$452.669, and includes an amount of US$33.462relating to cash and cash equivalents.

Outlook

Further to the judgment which dismissed the Company's Recourse with respect to Block 8 and the Company and its' shareholders are still considering their steps with this respect. The Company's current strategy as described in the admission document is to join as a partner to other license holders and/or purchase shares of another entity which is involved in activity of oil and gas exploration, as it did in the North Dakota investment and Hatrurim License. In addition, the Company maintains as its objective to perform and/or participate in other projects dealing with exploration, production and marketing of oil and gas, to be defined from time to time. However, the Company may fail in obtaining the abovementioned strategy and objectives. The business plan of the Company also includes the alternative to invest in securities of oil and gas exploration companies in the Levant Basin.

By order of the Board,

Rony Halman
Chairman

Limassol
19 September 2017

CONSOLIDATED INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
for the period ended 30 June 2017

	Note	*30.6.2017* *USD*	*30.6.2016* *USD*
Revenue			
Administrative expenses		(64.884)	(97.562)
Oil and gas prospecting expense		-	(2.007)
Loss from operating activities		(64.884)	(99.569)
Net finance income/(expense)		173	(3.943)
Loss before taxation		(64.711)	(103.512)
Taxation		-	-
Net loss for the period		(64.711)	(103.512)
Total comprehensive loss for the period		(64.711)	(103.512)
Basic losses per share (cent)	7	(0.14)	(0,30)
Diluted losses per share (cent)	7	(0.14)	(0,30)

CONSOLIDATEDINTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
at 30 June 2017

	Note	*30.6.2017 USD*	*31.12.2016 USD*
ASSETS			
Non-Current assets			
Investment in Exploration & Evaluation Assets		96.833	-
Current assets			
Other receivables	5	33.462	14.714
Cash and cash equivalents	4	322.374	27.010
		355.836	41.724
TOTAL ASSETS		452.669	41.724
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	6	683.763	455.542
Share premium	6	1.108.540	1.150.589
Capital Reserve		-	(9.957)
Advance issue of share capital		562.890	228.221
Accumulated losses		(1.977.764)	(1.913.053)
Total equity		377.429	(88.658)
Current liabilities			
Loan due to related company	10	6.532	40.612
Other payables	9	62.152	85.842
Amount due to related company	10	6.556	3.928
Total liabilities		75.240	130.382
TOTAL EQUITY AND LIABILITIES		452.669	41.724

On19September2017the Board of Directors of C.O. Cyprus Opportunity Energy Public Company Ltd authorised these interim condensed financial statements for issue.

Rony Halman
Chairman

Charalambos Christodoulides
Director

CONSOLIDATEDINTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
for the period ended 30 June 2017

	Share capital	*Share premium*	*Advance issue of share capital*	*Capital reserve*	*Accumulatd losses*	*Total*
	USD	*USD*		*USD*	*USD*	*USD*
Balance at 1 January 2016	455.000	1.138.670	-	(62.153)	(1.686.392)	(154.875)
Issue of share capital	542	11.919	-	23.865	-	36.326
Net loss for the period	-	-	-	-	(103.512)	(103.512)
At 30 June 2016	455.542	1.150.589	-	(38.288)	(1.789.904)	(222.061)
Balance at 1 July 2016	455.542	1.150.589	-	(38.288)	(1.789.904)	(222.061)
Issue of share capital	-	-	228.221	-	-	228.221
Share-based payments	-	-	-	28.331	-	28.331
Net loss for the period	-	-	-	-	(123.149)	(123.149)
At 31 December 2016	455.542	1.150.589	228.221	(9.957)	(1.913.053)	(88.658)
Balance at 1 January 2017	455.542	1.150.589	228.221	(9.957)	(1.913.053)	(88.658)
Issue of share capital	228.221	(42.049)	334.669	-	-	520.841
Share-based payments	-	-	-	9.957	-	9.957
Net loss for the period	-	-	-	-	(64.711)	(64.711)
At 30 June 2017	683.763	1.108.540	562.890	-	(1.977.764)	377.429

Share premium
Share premium is a non-distributable reserve.

Other capital reserves - Share-based payments
The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 11 for further details of these plans.

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter, will be payable on such deemed dividends distribution. Profits and to the extent that these are attributable to shareholders, who are not tax resident of Cyprus and own shares in the Company either directly and/or indirectly at the end of two years from the end of the tax year to which the profits relate, are exempted. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

CONSOLIDATEDINTERIM CONDENSEDSTATEMENT OF CASHFLOWS
for the period ended 30 June 2017

	30.6.2017 *USD*	*30.6.2016* *USD*
Cash flows from operating activities		
Net loss before taxation	(64.711)	(103.512)
Adjustments for:		
Share based payments	9.957	36.326
Interest expense	302	587
Operating loss before working capital changes	(54.452)	(66.599)
Decrease/(increase) in other receivables	(18.748)	5.156
Increase in amount due to related companies	2.628	6.757
Increase in other payables	17.964	36.126
Cash used in operations	(52.608)	(18.560)
Interest paid	(302)	(587)
Net cash flows used in operating activities	(52.910)	(19.147)
Cash flows from investment activities		
Investment in oil and gas assets	(96.833)	-
Net cash flows used in investment activities	(96.833)	-
Cash flows from financing activities		
Proceeds from issue of share capital	442.036	-
Additional/(repayment from) loan due to related company	3.071	(16.276)
Net cash flows used in financing activities	445.107	(16.276)
Net (decrease)/increase in cash and cash equivalents	295.364	(2.871)
Cash and cash equivalents at the beginning of the period	27.010	4.137
Cash and cash equivalents at the end of the period	322.374	1.266

1. General information

C.O. Cyprus Opportunity Energy Public Company Ltd (the "Company") was established under the Cyprus Companies Law, Cap. 113, on 10 February 2012, by C.O. Cyprus Opportunity Oil & Gas Exploration Ltd. On 17 July 2012 the Company was listed on the Emerging Companies Market of the Cyprus Stock Exchange.
The primary intention of the Company and the Group was to participate in oil and/or gas exploration and upstream activities in the exclusive economic zone of Cyprus. As Plan B, the Company is leveraging its strong business network in the oil and gas upstream field to pursue participation in other projects in the exclusive economic zone of Cyprus and in oil and gas projects around the world.As plan C, the Company will invest in securities of oil and gas exploration companies in the Levant Basin.
In addition to the overall business plan presented, the Company may purse, on an opportunistic and/or synergistic basis, participation in and collaboration with other projects dealing with exploration, production and marketing of oil and gas.

Recourse regarding block 8

On 11 May 2012, the Company together with AGR Energy AS (the "Consortium"), submitted applications for two offshore hydrocarbons exploration licenses, blocks 2 and 8, through the tender for the 2nd Licensing Round for offshore exploration issued by the Government of Cyprus.

On 5 February 2013, the Company was informed by the Ministry of Commerce, Industry and Tourism of the Republic of Cyprus (the "Ministry") that the proceedings for block 2 were concluded and that the license for this block was granted to another applicant.

On 25 April 2013, the Company and AGR entered into a Memorandum of Understanding with a member of the Paraskevaides Group for a joint venture with the Consortium regarding block 8.

On 24 May 2013, the Ministry informed the Company that the application for block 8 submitted by the Consortium was rejecteddue to certain technical deficiencies in the forms of the application.

On 17 July 2013, the Consortium submitted a recourse to the Supreme Court of Cyprus with respect to the decision of the Ministry to reject the Consortium's application for block 8 ("the Recourse").

Even though the Recourse was still pending, on 24 March 2016, the Republic of Cyprus announced the commencement of the 3rd Licensing Round for offshore exploration of Blocks 6, 8 and 10 in its Exclusive Economic Zone.

On 11 October 2016 the Consortium's application for the interim order was rejected. As a result, Israel Opportunity Oil & Gas Exploration Ltd and additional Israeli investors, who are shareholders of the Company (jointly referred to herein as the "Investors"), have given a notice to the Government of the Republic of Cyprus, of the existence of an investment dispute under the Agreement Between the Government of the State of Israel and the Government of the Republic of Cyprus for the Reciprocal Promotion and Protection of Investments dated October 13, 1998 ("Israel-Cyprus BIT" or "Treaty"). Pursuant to Article 8 of the Treaty, the Investors intend to request that formal negotiations will commence immediately between the Government of the Republic of Cyprus and the Investors, to resolve claims and disputes arising in connection with the second licensing round for Block 8 and their respective investment in connection thereto. The Investors informed the Company, that in the event that such disputes are not settled within the six months period stated in the Treaty, the Investors intend

1. General information(continued)

to submit the dispute to the International Center for the Settlement of Investment Disputes (ICSID) for resolution by binding arbitration.

On 21 December 2016, the Council of Ministers' announced its selected applicants for negotiations on the terms and provisions of the Exploration and Production Sharing Contracts, in the 3rd Licensing round for offshore exploration of Blocks 6, 8 and 10. Among the elected applicants, Eni Cyprus Limited was elected for negotiation on exploration in Block 8. Even though the Recourse for the Cypriot Supreme Court, with respect to the Company's application for Block 8 was still pending for the court ruling, according to the announcement of the Press and Information Office, on April 6, 2017, The Republic of Cyprus signed off the Exploration and Production Sharing Contract as well as the Hydrocarbons Exploration License for Block 8 in the Exclusive Economic Zone (EEZ) of Cyprus with Eni Cyprus Limited and the 3rd Licensing Round is officially concluded.
On June 20, 2017 the Administrative Court issued its unanimous judgment by which it dismissed the Company's Recourse. The Company and its' shareholders are considering their steps with this respect.

Hatrurim License

On 28 September 2014, the Company together with Zerah Oil and Gas Explorations - Limited Partnership ("Zerah Partnership"), Ginko Oil Exploration - Limited Partnership ("Ginko Partnership"), Israeli Opportunity - Energy Resources - Limited Partnership ("Israeli Opportunity Partnership"), Dr. E. Rosenberg & Co. Company Ltd ("Rosenberg & Co") and Ashtrom Group Ltd ("Ashtrom") have entered into a Memorandum of Understanding for the submission of a joint application to the Petroleum Commissioner at the Ministry of National Infrastructures, Energy and Water of Israel (the "Commissioner") for a license for petroleum exploration and for its production on land in the Halamish District in Israel. (the "Hatrurim License"). The shares of the parties in the Hatrurim License are as follows: Zerah Partnership - 28.75%, Ginko Partnership - 28.75%, Israeli Opportunity Partnership - 25%, Ashtrom - 10%, the Company - 5%, Rosenberg and Co. - 2.5%. The Hatrurim License was awarded on 27 October 2015 by the Commissioner to the Company and its partners Zerah Partnership, Ginko Partnership, Israeli Opportunity Partnership, Rosenberg & Co and Ashtrom (collectively the "Partnership") for the period between October 27, 2015 up to October 26, 2018.

On 2 November 2015, the partners to the Hatrurim License were requested by the Ministry of National Infrastructures, Energy and Water of Israel to issue of a guarantee for the amount of US$600.000 (for 100% of the License), with the Company's share amounting to US$33.333 ("the Guarantee").For the performance of the Company's obligation herein Petrica AS (formally AGR Energy AS) ("Petrica") has agreed to provide the Guarantee according to requirements and instructions of the Commissioner on behalf of the Company. In consideration for providing the Guarantee, Petrica is entitled to the reimbursement of out of pocket expenses and is not entitled to any other consideration with this respect.

On 5 May 2016, the Commissioner approved the request of the partners to the Hatrurim License, to decrease the guarantee to US$500.000. Considering the above, Zerah Partership and Ginko Partnership agreed that the Guarantee will be cancelled and their existing guarantees would be on behalf of the Company and therefore, the Company and Ginko Partnership and Zerah Partnership will take into consideration in future accounting between them subject to certain conditions. Subject to the above, on 16 January 2017, the Guarantee(provided by Petrica on behalf of the Company) was cancelled. In addition and the Company agreed with Petrica, inter alia, that instead of paying out of pocket expenses it shall cover all costs of Petrica portion on the ongoing Recourse and future legal process by the Parties against the Republic of Cyprus, in case there will be.

NOTES TO THE CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS
30 June 2017

1. General information(continued)

On 1 May 2016, a contingent resources report was published by the Partnership of Hatrurim License. The report, prepared by Dunmore Consulting, estimates about 7 million barrels of oil resources according to the Best Estimate and up to about 11 million barrels according to the High Estimate (for the entire license). The Hatrurim License is in progress according to the work plan provided by the Commissioner.

NORTH DAKOTA, USA

The Board of Directors of the Company by its decision taken on 14June 2017 decided the following:
The Company shall acquire a shelf holding company or incorporate a new private company (Cypriot Company) which will be held 100% by the Company ("the New Company") and that the New Company will hold 100% of a new INC (American company), which will conduct the oil and gas operations in USA. As a result, on 28 June 2017, The Company incorporate a new private company (Cypriot Company) named "C.O CYPRUS OPPORTUNITY PETROLEUM LIMITED" ("Cyprus Petroleum") which is held 100% by the Company. Cyprus Petroleum holds 100% of an American Company named "CYPRUS OPPORTUNITY ENERGY INC", that was incorporated on 10 July, 2017.

On 27 June 2017, the Company announced that pursuant to its announcement dated 6March 2017, regarding engagement in Term Sheet, that it has, together with a USA subsidiary of Israel Opportunity, Energy Recourses, Limited Partnership (IO) and an American company named Radian Partnership, LP. ("Radian") (the "Buyers"), entered into a Farmout agreement with independent third parties (the "Sellers"), for the acquisition of rights in ten sections each (approximately 640 acre and total area of approximately 6,400 acre) in oil fields in North Dakota, USA (the "Properties"; "The "Agreement"). The Agreement main terms are as follows:

- The Buyers will hold, directly or through their assignees[1], 75% of the Sellers' rights in the Properties at the time of entering into the Term Sheet (which are in average 94% out of 100%[2], there is a differentiation between the different sections), i.e. Buyers will hold in average approximately 70.5% (from 100%) of the rights in the Properties (the "Acquired Rights"), whereas the Sellers will hold the remaining 25% out of 94% (i.e 23.5%)
- The rights to net revenue interest from the sections, i.e after deducting royalties of 23% to third parties which are the owners of the Acquired Rights are 77% (out of 100%).
- In consideration for the Acquired Rights, the Buyers paid to the Sellers on, June 26, 2017 (the "Purchase Date") the total amount of US $2,400,000, out of which $500,000 shall be deposited with the escrow agent to insure that required consents and approvals regard the Properties and/ or the assign of the Acquired Rights shall be obtained (the portion allocated to the Company and paid was 96,833 USD).

[1]Further to the announcement of the Company dated June 15, 2017 that it shall acquire a shelf holding company or incorporate a new private company (Cypriot Company) which will be held 100% by the Company ("the New Company") and will hold 100% of a new INC (American company), which will conduct the oil and gas operations in USA.

[2]The holding of the Sellers in the sections (from 100%), are different between the sections and are as follows: 100% (in 4 sections), approx. 99.2%, approx. 99.15%, approx. 98.5%, approx. 92.17%, approx. 87.16% and approx. 63.23%.

1. General information (continued)

- In addition, the Buyers undertake to finance all costs and expenses, of the Buyers and the Sellers with regards to the execution of the first 4 re-completion drillings in the

Properties as well as other drillings in the Properties (drilling in each segment) up to a total of $10 million (for 100%) ("Amount of Committed Investment) (i.e. will finance beyond their share about US $2,500,000 dollars). After the Buyers invest the amount of the committed investment, each party will assume their relative share in the various operating costs in the Properties, in accordance with their relative share in rights in the Properties.

It should be noted that in this context, the cost of every Re-completion in the Properties is estimated at $1.5 million and the cost of every regular drilling in the Properties is estimated at $3 million.

- The transaction is based on a gradual transfer of rights that were purchased and registered under the name of the Buyers, in a manner that on the date of the signing of the Agreement, the rights acquired in the first two sections (The First Two Sections) will be transferred and registered under the Buyers' name while the acquisition of rights acquired for every additional sections and the transfer and registration of said acquired rights, to the Buyers will be completed following completion of the drilling in that area.

Despite the aforementioned, once the Buyers have invested the full Amount of the Committed Investment, the rights acquired in all sections will be transferred and registered under their name, whether drilling was performed or not.
To ensure the transfer and registration of the rights acquired in the eight additional sections, the assignment documents were deposited with a trustee.

- It is agreed that the first two drillings, in the first two sections, will be completed by 31.12.2017. The next two drillings, in the two additional sections, will be completed by 30.6.2018 and the additional drillings, until full investment of the amount of committed investment, will be drilled by 30.6.2019.
- The Buyers will pay the Sellers, a consideration for the services provided to the Buyers a sum of $20.8 thousand per month (and a total of $250 thousand) for a period of 12 months commencing from the date of the signing of the Agreement.
- The Sellers, who on the date of the signing of the Agreement, serve as the operators of the joint transaction in the Properties (The Operator), will continue to serve as the Operator, and will act in accordance with the directions of the Buyers and in accordance with the Operating Agreement, commencing in the Properties, that regulates the joint activity in each sections (The Operating Agreement). The Buyers will have the right to replace the Operator regards to every segment, following completion of the drilling and the start of production. In addition, the Buyers have the right to demand the replacement of any member of the Operator's team and to engage in a contractual arrangement, directly, with providers of services and equipment to the project.

1. General information (continued)

With regards to every earned in sections, the Buyers will be added as party to the Operating Agreement, upon completion of the acquisition of the rights contained therein.

- The shares of the Buyers in the Acquired Rights shall be as follows:
  - The Company - 3% of the Acquired Rights in a manner it will hold on average approx. 2.82% (from 100%); On August 9, 2017 the rights were assigned to the American subsidiary (Cyprus Opportunity Energy Inc.).
  - Israel Opportunity - 67% of the Acquired Rights in a manner it will hold on average approx. 62.98% (from 100%) [3];
  - Radian - 5% of the Acquired Rights in a manner it will hold on average approx. 4.7% (from 100%);

The Buyers agreed between them that any right they have according to the Farmout Agreement and the Operating Agreement shall be exercised based on the resolution of the majority of working interest in the Acquired Rights and should Radian and/or the Company fail to bear their portion (according to their WI) of the payment to the Sellers then IO may pay such payment and assume t Radian's and/or the Company's (as applicable) Working interest in the Acquired Rights.

On July 24, 2017 the Company had received a Contingent Resources Report for the Properties (the "Report") which had been prepared by Netherland, Sewell & Associates, Inc., an independent expert to Reserve estimation ("NSAI").
The Report was prepared according to the guidelines of the Society Petroleum Engineer's Petroleum Resources Management System ("PRMS").
NSAI estimated the gross (100%) contingents resources in these Properties (for the 100%*) as of 21, July 2017 to be:

Category	Gross (100%) Oil (MBBL)	Contingent Resources GAS (MMCF)
Low Estimate (1C)	6,436.9	12,873.8
Best Estimate (2C)	10,671.3	24,544.0
High Estimate (3C)	14,905.8	38,755.0

*The share of the Company in the properties is on average approx. 2.82% (from 100%).

<u>Warning</u> - there is no certainty that it will be commercially possible to produce any percentage of the contingent resources.

[3] IO and Radian agreed between them that Radian had options to increase its share in a manner that if it will exercise the options IO will hold 48.88% (from 100%) and Radian will hold 18.8% (from 100%).

1. General information (continued)

Warning - NSAI's estimates regarding contingent resources in the project area are "forward-looking information". The above estimates are based, inter alia, on completion techniques which have recently been used for drilling to the same reservoir in areas outside the project area and for an analogy to reservoirs with geological characteristics and similar reservoir characteristics that are adjacent to the project area, and are professional estimates and assumptions only of NSAI, for which there is no certainty. The quantities of oil and gas produced (insofar as they are produced) may differ from these estimates and assumptions, inter alia, as a result of operational and technical conditions and / or regulatory changes and / or supply and demand conditions in the oil market and / or actual performance of the reservoir. The above may be updated as additional information accumulates and / or results from

a range of factors related to oil exploration and production projects and as a result of operational and / or market conditions and / or regulatory conditions.

On August 3, 2017 the Company informed that according to information received from the North Dakota project operator, the first drilling out of two ("Paradox 11-30") has begun on August 2nd, 2017, and will be followed by the second drilling ("Paradox 34-31"). The duration of each drilling will be about a week. The "FRACKING" stage is scheduled to begin towards the middle of September 2017.

Warning - The duration of the drillings and the expected time for the implementation of the "FRACKING" technique is based on estimates and assumptions received from the project's operator and is forward-looking information. These estimates and assumptions are professional estimates and assumptions for which there is no certainty and may be updated as the drilling progresses and / or as a result of a range of factors related to oil and natural gas exploration and production projects, including as a result of operating conditions and / or market conditions and / Or regulatory conditions.

Dividends
On March 21, 2017 the Board of Directors approved a dividend distribution policy ("the Resolution") as follows: The Company shall distribute dividend only after i) having distributable profits from reserves balance above 1 million Euros ("The Distributable Profits") in the last financial statements (half yearly financial statements or annual audited financial statements) ii) the Board of Directors approves that there are no restrictions of any applicable law and iii) the Board of Directors ensures that the distribution of dividends shall not affect the Company’s capability to fulfill its obligations and/ or liabilities and/ or its capability to reinvest in current and/ or future projects. The dividends shall worth 25% (twenty five percent) of The Distributable Profits before the resolution to distribute dividends. This Resolution shall not restrict the Company to distribute any other kind of dividends with different percentages always subject to any applicable restrictions under any relevant law.

2. Unaudited financial statements

The consolidated Interim Condensed Financial Statements of the Company for the period ended 30 June 2017 have not been audited by the Company’s external auditors.

2.1 Basis of consolidation

The consolidated interim condendensed financial statements comprise the financial statements of C.O. Cyprus Opportunity Oil and Gas Exploration Ltd ("the Company") and its subsidiary, C.O. Cyprus Opportunity Petroleum Limited, as well as it's indirect subsidiary Cyprus Opportunity Energy Inc.

The financial statements of all the Group companies are prepared using consistent accounting policies. All inter-company transactions and balances between Group companies have been eliminated during consolidation.

2.2 Basis of preparation and changes in accounting policies

The consolidated interim condensed financial statements are presented in United States Dollar (US$) and all amounts are rounded to the nearest dollar.

Where necessary, the comparative amounts have been reclassified to comply with changes in the current period's presentation.

Statement of compliance
The consolidated interim condensed financial statements for the period ended 30 June 2017 have been prepared in accordance with the International Financial Reporting Standard IAS 34 'Interim Financial Reporting' as adopted by the European Union.
The consolidated interim condensed financial statements do not include all the information and disclosures required for the annual financial statements.

Going concern
The Company incurred a loss of US$64.711 during the period from 1 January 2017 to 30 June 2017. The consolidated interim condensed financial statements have been prepared on a going concern basis since the Company is currently in its start-up phase,further to the court's judgment which dismissed the Company's Claim with respect to Block 8,the Company is considering its future actions regarding the court judgment. That being said, the Company has limited financial resources.

Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Company as of 1 January 2017:

- Amendments to IAS 7: Disclosure Initiative

- Amendments to IAS 12 Income taxes: Recognition of Deferred Tax Assets for Unrecognised Losses

- The IASB has issued the Annual Improvements to IFRSs 2012 – 2014 Cycle, which is a collection of amendments to IFRSs. These improvements include:
    - IFRS 12 Disclosure of Interests in Other entities

The adoption did not have a material effect on the accounting policies of the Group.

2.3 Significant accounting policies

Functional currency, presentation currency and foreign currency

Functional currency and presentation currency:
The presentation currency of the interim condensed financial statements is the United States Dollar. The functional currency is the currency that best reflects the economic environment in which the Company operates and conducts its transactions. It is separately determined for the Company, and is used to measure its financial position and the results of its activities. The Company's functional currency is the United States Dollar.

Transactions, assets and liabilities in foreign currency:
Transactions denominated in foreign currency (any currency different to the functional currency) are recorded upon initial recognition according to the exchange rate at the time of the transaction. After initial recognition, financial assets and liabilities denominated in foreign currency are translated at the end of each reporting period into the functional currency at the exchange rate at that date.

The exchange differences, not including those capitalized to qualifying assets or carried to equity in hedging transactions, are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currency are presented at cost according to the exchange rate at the time of the transaction. Non-monetary assets and liabilities denominated in foreign currency and presented at fair value are

translated into the functional currency using the exchange rate prevailing at the date when the fair value was determined.

Finance income

Finance income includes interest income which is recognised based on an accrual basis.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred. Finance expenses include interest expense on loans, finance leases and bank overdrafts as well as bank charges. Finance expenses are recognised as expenses in the period in which they fall due. Finance expenses related to improvements of the vessel, prior to its initial operation, are capitalised.

Financial instruments

Financial assets and financial liabilities are recognised on the Company’s statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

i) Financial assets:
Financial assets within the scope of IAS 39 are initially recognized at fair value plus directly attributable transaction costs, except for investments at fair value through profit or loss in respect of which transaction costs are recorded in profit or loss.
After initial recognition, the accounting treatment of investments in financial assets is based on their classification into one of the following four categories:

- financial assets at fair value through profit or loss;
- held-to-maturity investments;
- loans and receivables; and
- available-for-sale financial assets.

2.3 Significant accounting policies (continued)

ii) Financial liabilities
Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.
The Company’s financial liabilities mainly include trade and other payables.

Cash equivalents
Cash equivalents are considered as highly liquid investments, including unrestricted short-term bank deposits with an original maturity of three months or less from the date of acquisition or with a maturity of more than three months, but which are redeemable on demand without penalty and which form part of the Company's cash management.

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Derecognition of financial assets and liabilities

Financial assets
A financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) is derecognised when:
- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.3 Significant accounting policies (continued)

Offsetting financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Taxes on income
Taxes on income in the statement of income comprise current and deferred taxes. Current or deferred taxes are recognized in profit or loss, except to the extent that the tax arises from items which are recognized directly in other comprehensive income or in equity. In such cases, the tax effect is also recognized in the relevant item.

Current taxes:
The current tax liability is measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period as well as adjustments required in connection with the tax liability in respect of previous years.

Deferred taxes:
Deferred taxes are computed in respect of temporary differences between the carrying amounts in the financial statements and the amounts attributed for tax purposes.

Deferred taxes are measured at the tax rates that are expected to apply to the period when the taxes are reversed in profit or loss, other comprehensive income or equity, based on tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred taxes in profit or loss represent the changes in the carrying amount of deferred tax balances during the reporting period, excluding changes attributable to items recognized in other comprehensive income or in equity.

Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is not probable that they will be utilized. Also, temporary differences (such as carry forward losses) for which deferred tax assets have not been recognized are reassessed and deferred tax assets are recognized to the extent that their recoverability has become probable. Any resulting reduction or reversal is recognized in the line item, "taxes on income".

Taxes that would apply in the event of the disposal of investments in investees have not been taken into account in computing deferred taxes, as long as the disposal of the investments in investees is not probable in the foreseeable future. Also, deferred taxes that would apply in the event of distribution of earnings by investees as dividends have not been taken into account in computing deferred taxes, since the distribution of dividends does not involve an additional tax liability or since it is the Company's policy not to initiate distribution of dividends that triggers an additional tax liability.

All deferred tax assets and deferred tax liabilities are presented in the statement of financial position as non-current assets and non-current liabilities, respectively. Deferred taxes are offset in the statement of financial position if there is a legally enforceable right to offset a current tax asset against a current tax liability and the deferred taxes relate to the same taxpayer and the same taxation authority.

2.3 Significant accounting policies (continued)

Dividends
Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company’s shareholders. Interim dividends are deducted from equity when they are declared and approved by the Company's directors.

Oil and natural gas exploration, evaluation and development expenditure
<u>Pre-licence costs</u>
Pre-licence costs are expensed in the period in which they are incurred.

Share capital
Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

Provisions
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Share-based payments
Employees (including Directors) of the Company may receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions
The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense (Note 6). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company’s best estimate of the number of equity instruments that will ultimately vest. The statement of profit or loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense (Note 6).

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based

2.3 Significant accounting policies (continued)

payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

3. Judgements and estimates

The preparation of the Company's interim condensed financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgments
In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which had the most significant effect on the amounts recognised in the interim condensed financial statements:

- **Going concern**
  The Group's management has made an assessment of its ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the interim condensed financial statements continue to be prepared on the going concern basis.
- **Income taxes**
  Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4. Cash and cash equivalents

	30.6.2017	*31.12.2016*
	USD	*USD*
Cash at bank	322.374	27.010

Cash at bank represents current accounts denominated in Euro, United States Dollar and New Israeli Shekel (NIS).

5. Other receivables

	30.6.2017	*31.12.2016*
	USD	*USD*
Other receivables and prepayments	33.462	14.714

6. Share capital

	30.6.2017		31.12.2016	
	Shares	*EUR*	*Shares*	*EUR*
Authorised				
Ordinary shares of €0,01 each	161.950.000	1.619.500	61.950.000	619.500
	Shares	*USD*	*Shares*	*USD*
Issued Ordinary shares at €0,01 (fully paid)				
At 1 January	34.056.000	455.542	34.006.000	448.282
Issue of ordinary shares at €0,01each	20.720.000	228.221	50.000	542
At 30 June 2017/ 31 December 2016	54.776.000	683.763	34.056.000	455.542
Advance issue of ordinary shares at €0,01 each (not listed)	50.000.000	562.890	20.720.000	228.221
At 30 June 2017/ 31 December 2016	104.776.000	1.246.653	54.776.000	683.763

On 10 February 2015, the Board of Directors approved two service agreements with Jenny Orlov (a former employee of Israel Opportunity Oil & Gas Exploration Ltd) and Maya Gottdenker-Firon, a director of the Company. These agreements are effective as of 1 January 2015. Included as consideration for the relevant services as per the agreement with Maya Gottdenker-Firon and Jenny Orlov, the issue of 200.000 shares and 100.000 shares respectively with a nominal value of €0,01 each.

On 9 March 2015, the Company approved another service agreement with a third party consultant for financial consulting services to be provided to the Company as of 1 January 2015. The consideration for these services will be the issuance of 30.000 shares in the Company, with a nominal value of €0,01 each.

On 7 April 2015, the EGM has approved the authorisation for the Directors to take all requisite actions to issue and allot up to a maximum of 330.000 shares at a value of €0,01 each to Maya Gottdenker-Firon, Jenny Orlov and the third party consultant. For such allocation the right of pre-emption according to the Articles of Association of the Company will not apply.

On 20 April 2015 the Board approved the completion of the first phase of the private placement for the amount of €50.050 (US$55.525). In total, 286.000 shares of €0,01 nominal value each were issued for the subscription price of €0,175 per share. On the same date the issue of 330.000 shares to the service providers as describe above, were also issued. The 330.000 shares were provided to the service providers for €0,01 per share, which was not settled by the service providers by the year end. The issue of the above shares have increased the issued number of shares to 34.006.000 shares. The service providers will not transfer, trade or sell the issued shares to any third party as of the date of the grant for two consecutive years. Notwithstanding the foregoing the issued shares will be released from the abovementioned restrictions over the period of two years as of the date of grant as follows: 50% of the issued shares shall be released upon the first anniversary of the date of grant, and the remaining 50% of the issued shares shall be released upon the second anniversary of the date of grant. Should the

6. Share capital (continued)

engagement with the service provider be terminated during the next two years following the grant date, the Company shall have the right to purchase from the service providers, the shares which are still under the abovementioned restrictions at the date of termination, at a price of €0,01 per share and the service provider to execute all or any required documents in this regards. The Company has to date not used its right to purchase the shares from the service provider.

On 30 August 2016 the service agreement with Jenny Orlov was terminated prior to the expiration of the 2 year term of her service agreement. The Company did not exercise the option to purchase the shares at nominal value of €0,01 as per the share-issue plan described above.

On 12 January 2016 the Extra Ordinary Meeting of Shareholders approved that the Board of Directors will be authorized to issue and allot 50.000 shares of €0,01 nominal value each out of the Company authorized share capital to Gil Sultan (an employee of Israel Opportunity Oil & Gas Exploration Ltd) who have signed a service agreement with the Company (the agreement is effective as of 1 July 2015)and for such allocation the right of pre-emption according to the Articles of Association of the Company will not apply. On 19 January 2016, the Board of Directors approved to issue and allot these shares to Gil Sultan according to the EGM and the shares were issued and allotted.

On 27 June 2016 the AGM authorized the Board of Directors of the Company the power to issue and allot of up to the maximum twenty five million ordinary shares, with a minimum issue price of 0,01 Euro Cents per share. On 31 July 2016, the Private Placement ("the PP") of the Company ended and the result are as following: The total of all applications is €207.200 , out of which €93.000, Euros were received by related parties (partly as conversion of outstanding debts/ loans). On 1 September 2016, the Board of Directors of the Company has approved the result of the PP and the allotment of shares according to the these results. Consideration for these shares was received during the year and these shares were issued at nominal value of Euro €0,01 per share.

On 1 March 2017, The Council of the Cyprus Stock Exchange announced that, pursuant to Article 58 of the CSE Law, it has accepted the listing on the Cyprus Stock Exchange of 20.720.000 ordinary shares in the Company issued as a result of an issue of the capital's share capital at a price of €0,01 each and allotted through private placement. The above shares have been incorporated in the registered share capital of the Company at year end 31 December 2016 amounting to 54.776.000 shares.

On 21 March 2017, the Board of Directors also approved to commence private placement in the Company in the form of bookbuilding and to convene the Extra Ordinary general meeting of the shareholders of the Company for the approvals as follows:

a. That the Authorized Share Capital of the Company be and is hereby increased from Six Hundred and Nineteen Thousand Five Hundred Euro (€619.500) divided into 61,950,000 (Sixty One Million Nine Hundred and Fifty Thousand) shares of €0,01 Euro cent each to One Million Six Hundred and Nineteen Thousand and Five Hundred Euro (€1.619.500) divided into One Hundred Sixty One Million Nine Hundred and Fifty Thousand (161.950.000) shares of One Euro Cents (€0,01) each, by the creation of One Hundred million (100.000.000) additional shares of One Euro Cents (€0,01) each.

b. To discuss, consider and if thought appropriate the Company would resolve the following by a resolution under Article 9 of the Articles of Association and section 59 A 1 (b) of the Companies Law Cap 113.

6. Share capital (continued)

That the Directors of the Company be and are hereby authorized to issue and allot up to the maximum one hundred million ordinary shares out of the Company's authorised share capital in accordance with Article 7 of the Articles of Association and be empowered to issue and allot these shares for cash as if the right of pre-emption contained in Article 8 of the Articles of Association and section 60B of the Companies Law, Cap. 113 did not apply to such allotment. Provided that the power to allot these shares shall be limited to

the allotment of the shares having a minimum issue price 0,01 Euro Cents per share and such power shall be valid until 22 May 2017. On April 20, 2017 the EGM approved the above mentioned.
Following the final review of the private placement ("PP") applications and the clearing of the funds, the Company has received subscriptions for the amount of Euro 500,000 out of which Euro 130,000 were received by related parties (partly as conversion of outstanding debts/ loans). The price per share for the new shares was set at Euro €0.01.

On June 8, 2017 the board of directors of the Company has approved the results of the PP and also the issue and allotment of 50,000,000 shares at an issue price of €0.01 each, to the subscribers of the PP, in accordance with the PP terms and conditions.
Following the issue and allotment of the above shares, the issued share capital of the company, has been increased to 104,776,000 shares. The Company intends to proceed with an application to the Cyprus Stock Exchange in relation to the listing of the new shares to be issued.

On August 17, 2017 the Annual General Meeting (the "AGM") of the Company approved, inter alia, the following:. 1. To appointed a new non-executive director Stavros Stavrou ID: 547432 with immediate effect. 2.The Directors of the Company were authorized to take all requisite actions to issue and allot 6,250,000 ordinary shares at a value of €0,01 each out of the Company's authorized share capital to Prevention at Sea Ltd with whom a service agreement with the Company is to be signed.. It should be noted that the company Prevention at Sea Ltd is controlled by a relative of the newly appointed non-executive director Mr. Stavros Stavrou. On August31, 2017 The Board of Directors approved the issue and allotment of 6,250,000 ordinary shares of €0,01 each out of the Company's authorized share capital to Prevention at Sea Ltd. The Company intends to proceed with an application to the Cyprus Stock Exchange in relation to the listing of the new shares to be issued.

7. Earnings/(losses) per share

	30.6.2017 USD	*30.6.2016 USD*
Basic losses per share		
Loss after tax	(64.711)	(103.512)
Weighted average number of shares in issue during the period	47.869.333	34.052.961
Basic losses per share (cent)	(0,14)	(0,30)
Diluted losses per share		
Diluted loss after tax	(64.711)	(103.512)
Diluted weighted average number of shares	47.869.333	34.052.961
Diluted losses per share (cent)	(0,14)	(0,30)

8. Dividends

The Company has not paid any dividends since its incorporation.

9. Other payables

	30.6.2017 USD	*31.12.2016 USD*
Other payables	39.292	37.205
Accruals	22.860	48.637
	62.152	85.842

10. Related party balances and transactions

Loans due to related companies

	30.6.2017 USD	*31.12.2016 USD*
C.O. Cyprus Opportunity Oil and Gas Exploration Ltd (1)	-	38.538
Halman R.M. Investments Ltd (2)	6.532	2.074
	6.532	40.612

(1) On 31 December 2012 a loan of US$102.490 was granted to the Company by C.O. Cyprus Opportunity Oil and Gas Exploration Limited (the "Private Company", which holds 12.96% of the Company. The percentage of holding shall be decrease after the listing of the private placement from May 2017 and the listing of shares to Prevention at Sea Ltd.). The loan carries interest at 3 month Euribor + 2% per annum it is unsecured and was due to be repaid by September 2014. On 20 April 2015, the parties agreed to extend the repayment date of this loan to 31 December 2016. On 6 April 2017, the Private Company and the Company approved to extend the repayment date until 31 December 2017. On May 18, 2017 the Board of Directors of the Private Company approved to convert the loan into shares by participating in the Private Placement. By this the loan was settled. Interest charged on this loan during 2017 amounted to US$302 (2016: US$947).

10. Related party balances and transactions (continued)

(2) On 17 December 2015 a loan for the amount of €10.000 was granted to the Company by Halman R.M. Investments Ltd, a related company. Halman R.M. Investments Ltd is owned by a director of the Company Rony Halman. The loan does not carry interest, is unsecured and repayable a demand (with 30 days prior notice by Halman RM investments Ltd). On April 5th 2015 the loan was increased to €25.000 and the remaining terms remained the same. the loan balance for June 30, 2017 is EUR5.729 (USD 6.532).

(3) The investment amount raised during the 2016private placement included issue of shares to related parties for the amount of €93.000 which was partially used for the repayment of balances accumulated during the year on related parties' and service providers' loans and debts as describe herein:
1. the repayment of 20.000 Euros loan due to Halman R.M Investments Ltd.
2. The repayment of 25.000 Euros debt to Israel Opportunity – Oil and Gas Exploration Ltd.
3. The repayment of 9.000 Euros debt to Halman R.M Investments Ltd. for services.
4. The repayment of 9.000 Euros debt to Shuker Holdings Ltd. for services.
5. The repayment of 17.500 Euros loan (out of 55.544 Euros) due to C.O. Cyprus Opportunity Oil and Gas Exploration Limited, (through issue of shares to Israel Opportunity – Oil and Gas Exploration Ltd)

(4) The investment amount raised during the last private placement, on June 8, 2017,included issue of shares to related parties for the amount of €130,000 were received by related parties which was partially used for the repayment of balances accumulated during the year on related parties' and service providers' loans and debts as describe herein:
1. The repayment of 10.000 Euros debt to Halman R.M Investments Ltd. for services.
2. The repayment of 10.000 Euros debt to Shuker Holdings Ltd. for services.
3. The repayment of 17.000 Euros debt to Aldubi Holdings Ltd. for services.
4. The repayment of 33.000 Euros loan to C.O. Cyprus Opportunity Oil and Gas Exploration Limited.

Amount due to related company

	30.6.2017	*31.12.2016*
	USD	*USD*
Israel Opportunity Oil and Gas Exploration Ltd	3.199	3.928
Israel Opportunity Energy Resources, LP	3.357	-
	6.556	3.928

	30.6.2017	*31.12.2016*
	USD	*USD*
Directors' balances – other payables		
Rony Halman	2.334	2.142
Uri Aldubi	682	682
	3.016	2.824

10. Related party balances and transactions (continued)

The above balances are interest free, unsecured and repayable on demand.

	30.6.2017 *USD*	*30.06.2016* *USD*
Directors remuneration		
Directors fees	4.304	4.061
	4.304	4.061

	30.6.2017 *USD*	*30.06.2016* *USD*
Consulting fees		
Directors	12.591	31.784
Other key management personnel	21.810	31.854
	34.401	63.638

As of 1 April 2013, all payments for salaries to executive directors and employees have been cancelled and the agreements have subsequently been cancelled on 1 January 2015. The Company continues to pay directors fees to non-executive directors and to the new director Mr. Stavros Stavrou.

During 2015- 2016, new service agreements were signed with related parties and other service providers, see Note 6 for details.

Services Agreement with the former Parent Company (the Private Company)
Under the terms of this agreement, the former Parent Company provided certain consultancy and other services to the Company for the purpose of submitting an application to receive a petroleum license within a tender of the Cypriot government. In consideration for the proper, timely and complete performance of the former Parent Company's obligations and the provision of services, the Company will pay the former Parent Company royalties from the Company's entire share in the oil and/or gas and/or other valuable materials produced and exploited from the petroleum assets in which the Company has or will have an interest (according to calculations and on the same basis applicable for paying royalties to the state according to the Cypriot Law) (before deducting royalties of any type, but after deducting the oil or gas used for the production purposes itself) at the rate of 10%**.**

11. Share based payments

General Employee/Consultant Share-issue Plan
Under the selected services agreements for consulting services (as described in Note 6), the Company issued 330.000 shares to employees and third party consultants in exchange for two years of service. The employees and consultants will not transfer, trade or sell the issued shares to any third party for a period of 2 years from the grant date. Should the agreement with the employee or consultant be terminated during the next two years following the grant date, the Company shall have the right to purchase these shares at the nominal value of €0,01 per share.

On 30 August 2016 the service agreement with Jenny Orlov was terminated prior to the expiration of the 2 year term of her service agreement. The Company did not exercise the option to purchase the shares at nominal value of €0,01 as per the share-issue plan.

11. Share based payments (continued)

The fair value of share options granted is estimated at the date of grant based on the fair value of the shares issued taking into account the terms and conditions upon which the shares were granted.

On 12 January 2016 the Extra Ordinary Meeting of Shareholders approved that the Board of Directors will be authorized to issue and allot 50.000 shares of €0,01 nominal value each out of the Company authorized share capital to Gil Sultan (an employee of Israel Opportunity Oil & Gas Exploration Ltd) who have signed a service agreement with the Company (the agreement is effective as of 1 July 2015) and for such allocation the right of pre-emption according to the Articles of Association of the Company will not apply. On 19 January 2016, the Board of Directors approved to issue and allot these shares to Gil Sultan according to the EGM and the shares were issued and allotted.

On 17 August 2017, the AGM authorized to take all requisite actions to issue and allot 6,250,000 ordinary shares at a value of €0,01 each out of the Company's authorized share capital to Prevention at Sea Ltd with whom a service agreement with the Company is to be signed, in accordance with Article 7 of the Articles of Association and be empowered to issue and allot these shares for cash as if the right of pre-emption contained in Article 8 of the Articles of Association and section 60B of the Companies Law, Cap. 113 did not apply to such allotment. It is important note that the company Prevention at Sea Ltd is controlled by a relative of the newly appointed non-executive director Mr. Stavros Stavrou. On 31 August 2017,the Board of Directors approved the issue and allotment of 6,250,000 ordinary shares of €0,01 each out of the Company's authorized share capital to Prevention at Sea Ltd. The Company intends to proceed with an application to the Cyprus Stock Exchange in relation to the listing of the new shares to be issued.

12. Fair values

The fair values of the Company's financial assets and liabilities approximate their carrying amounts as at 30 June 2017and 31 December 2016.

13. Commitments and contingencies

The Hatrurim license was awarded to the Company and its partners under the Zerah Partnership on 26 October 2015. The Company had an obligation to pay the amount of US$33.333 as a guarantee to the Petroleum Commissioner of the Ministry of National Infrastructures, Energy and Water of Israel which was paid by Petrica on behalf of the Company.

On 5 May 2016, the Commissioner approved the request of the partners to the Hatrurim License, to decrease the guarantee to US$500.000. Considering the above, Zerah Partership and Ginko Partnership agreed that the Guarantee will be cancelled and their existing guarantees would be on behalf of the Company and therefore, the Company and Ginko Partnership and Zerah Partnership will take into consideration in future accounting between them subject to certain conditions. Subject to the above, on 16 January 2017, the Guarantee(provided by Petrica on behalf of the Company) was cancelled. In addition and the Company agreed with Petrica, inter alia, that instead of paying out of pocket expenses it shall cover all costs of Petrica portion on the ongoing Recourse and future legal process by the Parties against the Republic of Cyprus, in case there will be.
There were no other significant commitments and contingencies as at 30 June 2017 (30 June 2016: nil).
For commitments created following the North Dakota agreement, see Note 1.

14. Events after the reporting date

On July 18, 2017 the Company has terminated the cooperation with its Nominated Advisor, CISCO effective on 19th July 2017. Further to the above, the Company has attained the services of Sharelink Securities & Financial Services Ltd (“SHARELINK”), a registered Nominated Advisor of the Cyprus Stock Exchange (“CSE”) effective on 19th July 2017.

On July 24, 2017 the Company had received a Contingent Resources Report for the Properties (the "Report") which had been prepared by Netherland, Sewell & Associates, Inc., an independent expert to Reserve estimation ("NSAI").
The Report was prepared according to the guidelines of the Society Petroleum Engineer's Petroleum Resources Management System ("PRMS").
NSAI estimated the gross (100%) contingents resources in these Properties (for the 100%*) as of 21, July 2017 to be:

Category	Gross (100%) Oil (MBBL)	Contingent Resources GAS (MMCF)
Low Estimate (1C)	6,436.9	12,873.8
Best Estimate (2C)	10,671.3	24,544.0
High Estimate (3C)	14,905.8	38,755.0

*The share of the Company in the properties is on average approx. 2.82% (from 100%).

estimates and assumptions, inter alia, as a result of operational and technical conditions and / or regulatory changes and / or supply and demand conditions in the oil market and / or actual performance of the reservoir. The above may be updated as additional information accumulates and / or results from a range of factors related to oil exploration and production projects and as a result of operational and / or market conditions and / or regulatory conditions.

On August 3, 2017 the Company informed that according to information received from the North Dakota project operator, the first drilling out of two ("Paradox 11-30") has begun on August 2nd, 2017, and will be followed by the second drilling ("Paradox 34-31"). The duration of each drilling will be about a week. The "FRACKING" stage is scheduled to begin towards the middle of September 2017.

On August 17, 2017 the Annual General Meeting (the "AGM") of the Company approved, inter alia, the following:1. To appointed a new non-executive director Stavros Stavrou with immediate effect. 2.The Directors of the Company were authorized to take all requisite actions to issue and allot 6,250,000 ordinary shares at a value of €0,01 each out of the Company’s authorized share capital to Prevention at Sea Ltd with whom a service agreement with the Company is to be signed. It should be noted that the company Prevention at Sea Ltd is controlled by a relative of the newly appointed non-executive director Mr. Stavros Stavrou. On August31, 2017 The Board of Directors approved the issue and allotment of 6,250,000 ordinary shares of €0,01 each out of the Company’s authorized share capital to Prevention at Sea Ltd. The Company intends to proceed with an application to the Cyprus Stock Exchange in relation to the listing of the new shares to be issued.

14. Events after the reporting date (continued)

On September 11, 2017 the Board of Directors of the Company resolved that 171.429 ordinary shares of nominal value €0,01 of the Company (the "New Shares") to be issued and allotted to Submar Invest Ltd as part of a subsequent phase of the private placement which ended on 14 April 2015 and based on the written resolution of the Board dated 21st September 2015. The issue price of the New Shares is €0,175 per share, according to the terms of the private placement of 2015 and the contribution of Submar Invest Ltd to the Company which was €30.000.