

**Oro Negro Drilling PTE., Limited  
and subsidiaries**



Consolidated Statements of Financial Position (No Audit)  
For the years ended December 31, 2016 and 2015

Thousands of US dollars, unless otherwise indicated

	<u>December 31,</u>	
	<u>2016</u>	<u>2015</u>
<b><u>Assets</u></b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 15,239	\$ 29,414
Related parties	179,808	72,976
Other receivables	2	2
Prepaid expenses	<u>1,482</u>	<u>428</u>
<b>Total current assets</b>	<u>196,531</u>	<u>102,820</u>
<b>NON - CURRENT ASSETS:</b>		
Deferred income tax asset	27,213	29,591
Property, plant and equipment	<u>1,100,095</u>	<u>913,274</u>
<b>Total assets</b>	<u>\$ 1,323,839</u>	<u>\$ 1,045,685</u>
<b><u>Liabilities and stockholders' equity</u></b>		
<b>CURRENT LIABILITIES:</b>		
Current portion of long-term debt	\$ 78,592	\$ 71,532
Current portion of deferred revenue	6,260	4,566
Related parties	4,091	2,237
Value-added tax and trade payables	5,082	6,024
Other liabilities	<u>11,756</u>	<u>7,790</u>
<b>Total current liabilities</b>	<u>105,781</u>	<u>92,149</u>
<b>NON-CURRENT LIABILITIES:</b>		
Long-term debt	879,860	645,393
Deferred revenue	<u>6,356</u>	<u>5,125</u>
<b>Total liabilities</b>	<u>991,997</u>	<u>742,667</u>
<b>STOCKHOLDERS' EQUITY:</b>		
Share capital	351,771	286,172
Accumulated deficit	(26,435)	(23,536)
Profit for the year	<u>6,506</u>	<u>40,382</u>
<b>Total stockholders' equity</b>	<u>331,842</u>	<u>303,018</u>
<b>Total liabilities and stockholders' equity</b>	<u>\$ 1,323,839</u>	<u>\$ 1,045,685</u>

Edgar Rodrigo García García  
General Controller

**Oro Negro Drilling PTE., Limited  
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Consolidated Statements of Comprehensive Income (No Audit)  
For the years ended December 31, 2016 and 2015

*Thousands of US dollars, unless otherwise indicated*

	Year ended December 31,	
	2016	2015
Revenue	\$146,694	\$135,937
Operating costs	<u>(45,068)</u>	<u>(37,053)</u>
Gross profit	101,626	98,884
Administrative expenses	<u>(17,851)</u>	<u>(4,569)</u>
Operating profit	<u>83,775</u>	<u>94,315</u>
Financing income	-	9
Financing costs	<u>(80,137)</u>	<u>(59,256)</u>
Financing cost - Net	<u>(80,137)</u>	<u>(59,247)</u>
Profit before income taxes	3,638	35,068
Income tax	-	-
Profit for the year	3,638	35,068
Other comprehensive income	<u>2,868</u>	<u>5,314</u>
Total comprehensive income for the year	<u>\$ 6,506</u>	<u>\$ 40,382</u>

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Consolidated Statements of Changes in Stockholders' Equity (No Audit)  
For the years ended December 31, 2016 and 2015

Thousands of US dollars, unless otherwise indicated

	<u>Attributable to owners of the parent company</u>		
	<u>Share capital</u>	<u>Accumulated losses</u>	<u>Total equity</u>
Balances at January 1, 2015	\$328,229	(\$ 23,536)	\$304,693
Proceeds from decrease of shares	(42,057)	-	(42,057)
Total comprehensive profit for the year	-	40,382	40,382
Balances at December 31, 2015	\$286,172	\$ 16,846	\$303,018
Transfer investment Oro Negro Impetus, PTE., Limited	75,457	(43,281)	32,176
Proceeds from decrease of shares	(9,858)	-	(9,858)
Total comprehensive profit for the year	-	6,506	6,506
Balances at December 31, 2016	<u>\$351,771</u>	<u>(\$ 19,929)</u>	<u>\$331,842</u>

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Consolidated Statements of Cash Flows (No Audit)  
For the years ended December 31, 2016 and 2015



*All amounts in thousands of US dollars, unless otherwise indicated*

	<u>Year ended December 31,</u>	
	<u>2016</u>	<u>2015</u>
<b>Operating activities</b>		
Profit (loss) before income tax	\$ 3,638	\$ 35,068
Adjustment for:		
Depreciation	40,280	32,759
Deferred income amortization	(5,575)	(4,554)
Deferred income	8,500	-
Increase in other liabilities	4,788	4,294
Interest on borrowings	80,137	59,256
Trade payables and other liabilities	9,602	9,904
Related parties	<u>(104,978)</u>	<u>(30,449)</u>
Net cash used in operating activities	<u>36,392</u>	<u>106,278</u>
<b>Investing activities</b>		
Net cash used in property, plant and equipment	<u>(6,655)</u>	<u>(2,827)</u>
<b>Financing activities</b>		
Proceeds from issuance of ordinary shares	(9,858)	(42,057)
Transfer investment Impetus	(5,674)	-
Proceeds from borrowings	63,100	-
Loans paid	(23,000)	(24,000)
Interest paid	<u>(68,480)</u>	<u>(57,203)</u>
Net cash flows provided by financing activities	<u>(43,912)</u>	<u>(123,260)</u>
Increase in cash and cash equivalents	(14,175)	(19,809)
Cash and cash equivalents at beginning of the year	<u>29,414</u>	<u>49,223</u>
Cash and cash equivalents at end of the year	<u>\$ 15,239</u>	<u>\$ 29,414</u>

  
 Edgar Rodrigo García García  
 General Controller