

**UNITED STATES OF AMERICA SECURITIES AND EXCHANGE COMMISSION**  
**Washington, DC, 20549**

**FORM 1-K**  
Annual report

**ANNUAL REPORT IN ACCORDANCE WITH REGULATION A OF THE  
SECURITIES ACT**  
**FOR the financial year ended December 31, 2017**

**December 31, 2017**  
(Date of the report (Date of the earliest event that was reported))

**Del Mar Energy Inc.**  
(The exact name of the company indicated in its articles of association)

**Texas**  
(State or other jurisdiction of registration or organization)

**3315 Enterprise Drive, Rowlett, Texas, 75088**  
(Full postal address of the Chief Executive Office)

**(940) 202-0502**  
(The issuer's phone number, including the area code)

**Caution regarding forward-looking statements**

In this annual report on Form 1-K (the "Annual Report"), we make statements that, in accordance with federal law, are forward- looking statements. The words "predict", "believe", "estimate", "potential", "projected", "expect", "anticipate", "intend", "plan", "strive", "may", "could" and similar expressions or statements relating to future periods are intended to define forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause our actual results, performance or achievements, as well as industry performance, to differ materially from any projections of future results, performance or achievements that we express or imply in this annual report or in the information included in this annual report by reference.

The forward-looking statements included in this annual report are based on our current expectations, plans, estimates, assumptions and beliefs, which involve numerous risks and uncertainties. Assumptions related to the above include judgments regarding, among other things, future economic, competitive and market conditions and future business decisions that are difficult or impossible to accurately predict and many of which are beyond our control.

Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, our actual results and performance may differ materially from those set out in the forward-looking statements. Factors that may have a material impact on our business and future prospects include, in particular, the following:

- our ability to effectively use the funds received from our offer (the "Offer");
- risks associated with the violation of the security of our data;

- Public health crises, pandemics and epidemics, for example, caused by new strains of viruses;
- climate change and natural disasters that can negatively affect our projects and our business;
- changes in economic conditions in general and in industrial markets and private financing in particular;
- limited ability to sell assets due to the relative illiquidity of industrial projects;
- our inability to obtain the necessary external financing;
- risks associated with derivatives or hedging activities;
- high competition in the U.S. industrial market, which may limit our ability to attract or retain suppliers;
- rising interest rates and operating expenses;
- the risk associated with the possible termination or expiration of the land lease agreement;
- our inability to successfully operate or maintain projects;
- Exposure to responsibility related to environmental, health and safety issues;
- Projects that will bring the expected results;
- the level of our debt, as well as the conditions and restrictions imposed on us by our debt agreements;
- our ability to retain our executive directors and other key employees of our Owner;
- The expected rate of return provided to investors;
- the ability of our design, procurement and construction contractors, as well as equipment manufacturers, to fulfill their contracts, including guarantees and sureties;
- or changes in legislation affecting our business or our assets (including changes in corporate tax laws and regulations of the Securities and Exchange Commission ("SEC") related to Regulation A ("Regulation A") of The Securities Act of 1933 as amended or the Law of 2012 "Jumpstart Our Business Startups Act" ("JOBS Act"));
- changes in the business environment and market value of our Projects, including changes in interest rates, the risk of early repayment, default or bankruptcy of the operator or borrower, and in general an increased risk of losses if our investments do not perform as expected;
- our ability to implement effective conflict management policies and procedures interests between various industry investment opportunities sponsored by our Owner;
- our compliance with applicable local, state and federal laws, including the Investment Advisers Act of 1940, as amended (the "Consultants Act"), the Investment Companies Act of 1940, as amended, and other laws and changes in generally accepted accounting principles in the United States ("US GAAP").

Any of the assumptions underlying the forward-looking statements may turn out to be inaccurate. We caution you not to place undue reliance on any forward-looking statements included in this annual report. All forward-looking statements are made as of the date of this annual report, and the risk that actual results will differ materially from



the expectations expressed in this annual report will increase over time. Except as required by federal law, we undertake no obligation to publicly update or revise any forward-looking statements after the date of this annual report, whether as a result of new information, future events, changes in circumstances or for any other reason.

Given the significant uncertainty inherent in the forward-looking statements included in this Annual Report, including, without limitation, those set out above and set out in the "Investment Risks" section of the Offer Circular, the inclusion of such forward- looking statements should not be interpreted guarantees that the goals and plans set out in this Annual Report will be achieved by us or any other person.

**Given the risks and uncertainties, do not overly rely on forward-looking statements.**

### **Paragraph 1: Business**

Del Mar Energy Inc, which we call the "Company", is an industrial holding company that operates and accepts direct investments in its own facilities in accordance with the laws of the State of Texas. The company and its current operations are managed by Michael Latham, founder and CEO of the holding company (the "Owner"). The company was established to implement and develop industrial solar, mining, road construction, oil and gas production and energy projects in the United States (each of which is a "project"). The projects will work, generate income and, in some cases, environmental goods to those parties who purchase the final objects under long-term contracts (collectively, we call those who purchase goods "Customers").

The projects will be owned by special purpose entities (each "SPE"). Currently, we assume that each SPE will also be organized as a limited liability company, often in the state of Texas. Thus, the liabilities of a project located in one SPE will not affect the assets of another project located in another SPE.

The Company usually owns 100% of the shares of each SPE, although there may be cases when the Company is a partner in an SPE with another party, for example, with a project development company (defined below). In all cases, the Company will exercise full managerial control over the SPE.

Each of our projects consists of seven large contracts, which the Owner will force the SPE to conclude:

- *Land lease:* For projects located outside the customer's territory, SPE can lease (rather than buy) the land on which the project is located under an agreement that we call a "land lease". (Note: if the project is located on the ground or roof of the customer's house, access rights to the project site are usually included in the electricity purchase and sale agreement free of charge).
- *Construction contract:* For the construction of facilities, SPE will hire a third party to provide design, procurement and construction services in accordance with the contract, which we call the "Construction Contract".
- *Electricity purchase and sale agreement:* In all cases, SPE will sell the electricity produced within the framework of the projects to consumers under an agreement, which we call an "electricity purchase and sale agreement".
- *Contract for the purchase of industrial goods:* In some cases, SPE will sell industrial goods produced within the framework of projects to customers in accordance with an agreement that we call an "Agreement for the Purchase of Industrial Goods".
- *Operation and Maintenance Agreement:* SPE will hire a third party to operate and maintain the Projects in accordance with an agreement that we call a "Project Maintenance Agreement".



- *Purchase and sale agreement:* When the Owner defines a project that, in his opinion meets the investment criteria of the company, it signs a "Purchase and Sale Agreement" on the acquisition of rights to the project from the development company.
- *Tax equality agreements:* In the United States, some projects are eligible for one or more tax benefits. These benefits reduce tax liabilities to the federal and state governments in exchange for investing in the project. In some cases, a company may enter into a partnership with an investment company specializing in equity investments to pay part of the cost of the project in exchange for tax benefits. Such equity tax investment transactions are concluded through the SPE operating agreement and other agreements defining the terms and conditions of equity tax investments. We call all agreements related to equity investments "Tax Capital Agreements". The Owner owns and manages equity investments that the Company can use to monetize tax benefits.

Although the final terms of each of the above agreements may vary from project to project, the rights and obligations of the parties are generally the same in all projects.

Revenue from our projects will consist mainly of payments that we receive from buyers under contracts for the sale of industrial goods. Projects will be profitable if their revenues exceed their expenses.

Currently, the Company plans to hold projects indefinitely, creating a reliable cash flow for Investors. However, if the company decides to sell one or more projects, the manager's experience in this industry suggests that the projects can be sold at a profit:

- *Profitability and Cash flow:* Many investment funds are looking for reliable cash flows that provide targeted returns. From the point of view of such a fund, any of the projects or even the entire portfolio of projects will be an attractive investment. Since income and most expenses are fixed in the contract, the cash flow should be predictable and stable for 20 years.
- *Project Pooling:* Some projects will be too small or unusual for institutional buyers to consider on their own. The company can combine these projects into a larger, more standardized portfolio that will be attractive to these large efficiency-oriented players. A portfolio of this size can withstand commissions and checks related to an institutional-level transaction or securitization.
- *Cash flow stabilization:* When a company buys a project, it usually shares the construction risk with the development company that initiated the project. Large investors, as a rule, do not want to take on construction risk and invest only in those projects that already generate positive cash flow, which is called "stabilization". Thus, the company will purchase projects before stabilization and sell them after stabilization. The interest of institutional investors in the portfolio should increase as the portfolio stabilizes.
- *Incremental residual value:* When a company purchases a project, the valuation is based solely on the cash flows projected under the concluded lease agreements, while the residual value of the project is not assumed. There is a high probability that the project will continue to generate revenue after the expiration of the original contract in the form of contract extensions, repositioning or sale to commercial energy markets. This creates a kind of built-in "found value" for our projects, which can be realized upon sale.

## **Competition**

Our net income largely depends on our ability to find, acquire and manage investments with attractive risk-adjusted returns. We compete with many other companies engaged in industrial facilities in the American market, including individuals, corporations, private foundations and other industrial investment organizations, many of which have greater financial resources and lower cost of capital than we do. In addition, there are many companies pursuing



acquisition goals similar to those of our Owner, and other companies may be organized in the future, which may increase competition for investments suitable for us. Competitive factors include market presence and visibility, the amount of capital invested in each project, and underwriting standards. If a competitor is willing to risk large amounts of capital in a particular transaction or use more liberal underwriting standards when evaluating potential investments than we do, this may affect our investments and profits. Our competitors may also be willing to accept lower returns on their investments and may succeed in acquiring assets that we have outlined for acquisition. Although we believe that we have every opportunity to compete effectively in each of our businesses, there is tremendous competition in the market, and there is no guarantee that we will be able to compete effectively or that we will not face increased competition in the future, which may limit our ability to conduct business effectively.

## **Management**

The Owner has complete freedom of action in relation to all aspects of the Company's activities. For example, the Owner may

(I) admit new members to the Company; (II) enter into contracts on behalf of the Company; (III) borrow money; (IV) acquire and dispose of Projects; (V) determine the timing and amount of payments to Participants; (VI) determine the information provided to Participants; (VII) provide collateral rights and other encumbrances on the Company's Projects; and (VIII) to dissolve the company.

Investors financing projects will not have the right to vote on any issue other than the removal of the Owner. The head may be removed from office for a "reason". The term "cause" includes:

- Irrevocable violation of the Agreement by the Owner;
- Bankruptcy of the Owner;
- A certain misconduct of the head, if the person responsible for the misconduct has not been dismissed.

Voting for the removal of the Owner for a reason must be approved by accredited Investors who have financed more than

\$100,000,000 of the Company's projects. The question of whether there is a "reason" will be decided in arbitration conducted according to the rules of the American Arbitration Association, and not in court.

These provisions are mandatory for every person financing the Company's projects, including those who finance the Company's projects through third parties, *i.e.* not through the Platform.

## **Investment strategy**

The company develops most of its projects in the USA with the help of third-party organizations. companies specializing in the development of industrial facilities, which we call "development companies".

The company's relationship with development companies can take various forms. Sometimes a development company not only identifies a potential project, but also issues permits, designs and builds it. Sometimes a development company provides operation and maintenance of a project after its construction. Sometimes a development company sells a project and abandons business completely. Currently, the Owner does not have a development company in the United States, and the company acquires all projects from unrelated parties, but we can create a development company in the country if the cost of third-party projects becomes too high, if an exceptional market opportunity arises, or if the flow of transactions is slow and additional development potential is required.

Development companies are rewarded for their work and risk. This may include developer compensation or a permanent economic stake in the SPE project.

The Owner reviews projects submitted by development companies and seeks to identify projects that provide the



greatest return, taking into account the risk. In particular, we are looking for projects in the states with favorable industrial policies, projects with reliable clients and projects in which the Owner is confident of success. When we find a project that meets these basic criteria, we consider it for investment and try to conclude a purchase and sale agreement that allows the Company to obtain ownership of the project.

We believe that in the future we will be able to continue to acquire and develop new projects, which, according to our forecasts, will have the following characteristics:

- *Capacity:* We intend to focus on projects with high production capacity (NOTE. The capacity of an oil production project is determined in accordance with the "standard test conditions" established by certain laboratories around the world. The actual capacity of an oil production project varies depending on a number of factors).
- *Places:* We choose places based primarily on:
  - Demand for the final product of production;
  - Convenient access for maintenance;
  - Connection points to the necessary elements;
  - The territory contributing to the accelerated development of the site and policy at the state level that promotes the implementation of industrial projects.
- *Land rights:* Some company-owned projects will be installed on the roofs of clients' houses, others will be located on remote plots of land. In any case, the Company, or rather SPE, will receive access rights to the project ("Access Rights") for the construction and maintenance of the project. For projects located on roofs, access rights are most often granted as part of an electricity purchase agreement with the customer. For projects located on remote plots of land, SPE either acquires or leases property to ensure proper access rights protection.
- *Connecting projects to power or electricity sources:* All projects purchased or built by the company require permission to connect to the local power grid or build transport routes. Such a permit is issued by the local connecting utility company through the connection agreement and the corresponding operating permit.
- *Our own equipment:* We use our own equipment used in the solar energy industry: solar panels that convert sunlight into electrical energy, and inverters that convert direct current from panels to alternating current used in homes and businesses, oil platforms, drilling rigs and substations used in the mining industry, vehicles and construction equipment for the development of projects in our fields of activity.
- *State-level incentives and environmental goods:* In many U.S. states, there are certain incentives to encourage the development of industrial projects. There is a wide range of incentives, including exemption from facilities and sales taxes, pure energy accounting, and public energy. The company will seek to optimize these incentives at the state level to increase the expected return on investment for investors, which may include transactions with third parties for monetization.
- *Tax incentives:* In addition to the benefits provided at the state level, the U.S. Federal government has created numerous tax incentives to encourage the development of industrial projects. These benefits include an investment tax credit ("ITK"), accelerated depreciation of MACRS and bonus depreciation. The company will seek to optimize these federal benefits to increase the expected return on investment for investors, which may include transactions with third parties to monetize certain tax benefits ("Tax Capital").
- *When a Company invests in projects:* As a rule, a Company does not invest in a project until the relevant contracts specified above have been agreed and executed.



Thus, in most cases, Investors are not exposed to many risks at the project level until all these conditions are met. However, for particularly promising projects, the Company can make an exception and finance the costs at an earlier stage.

### **Investment Committee**

When we find a project that meets the basic criteria described above, we consider it for investment by a multidisciplinary committee consisting of experienced managers of the management company (the "Investment Committee"). To approve a project for financing, the unanimous approval of the project by the Investment Committee is required. To make an investment decision, the Investment Committee uses the same memorandum prepared by the Owner for each project.

### **Leverage**

According to the placement circular, the company can borrow money to invest in projects, depending on the circumstances at that time. It says that if a Company needs to implement a project quickly, and it has not yet raised sufficient capital as part of the Proposal, it can make up for the shortfall by borrowing. The Owner will make such a decision as necessary. Currently, neither the Company nor the Projects have borrowed funds.

### **Tax capital**

The Investment Tax Credit ("ITC") has established itself as one of the most important mechanisms of federal policy that stimulate industrial development in the United States. The long-term stability of this federal policy has allowed businesses to continue cutting costs. The EITC is a vivid example of a successful policy that has led to the strengthening and cleansing of the economy.

Currently, EITC is a 26% federal tax credit that is provided to offset the tax obligations of commercial investors in industrial facilities (in accordance with Section 48). In the case of a Section 48 loan, the loan is claimed by the company that installs, develops and/or finances the project.

A tax credit is a reduction in the dollar equivalent of income tax that an individual or company would otherwise pay to the federal government. The size of the EITC depends on the amount of investment in the industry. The EITC for commercial scale projects is equal to 26% of the base invested in eligible industrial facilities. Then the EITC decreases according to the following graph:

- 26% for projects whose construction will begin in 2021 and 2022
- 22% for projects whose construction will begin in 2023
- After 2023, commercial credit is reduced to a constant level of 10%.

Commercial and utility projects whose construction began before December 31, 2023, can still qualify for 26% or 22% of the EITC if they are put into operation before January 1, 2026.

In addition, the IRS is working on a broader project aimed at more clearly defining which property qualifies as industrial property under section 48.

The company invests only in industrial projects, so it will not have tax obligations sufficient to monetize tax benefits. In order to turn tax benefits into capital that can be used to build projects, the company cooperates with investors who specialize in monetizing tax benefits and are called "tax capital investors". The company essentially "exchanges" tax benefits (which usually include accelerated depreciation) with Tax Equity Investors using a special structure

known as the Tax Equity Partnership Flip. Within this framework, the company and the tax capital investor create an SPE and sign a special operating agreement under which tax benefits are transferred to the tax capital investor in exchange for preliminary investments in the project.

To attract tax capital, the Company cooperates with an investor associated with the Owner. We can continue to use third-party tax capital from institutional investors as the portfolio grows and depending on which option offers the most favorable conditions for the Company.

### **Factors that may affect the company's performance**

The ability of a company to operate successfully depends on a number of important factors, including, but not limited to:

- *Tax equality:* Since industrial projects implemented in the United States are eligible for significant tax benefits and accelerated depreciation, competition requires that each project make effective use of these tax benefits. Since the company is engaged only in industrial activities, it does not have significant tax obligations for other types of activities that could be effectively monetized tax credits, therefore, it seeks partnerships with companies with significant tax liabilities that can use tax credits in exchange for upfront cash used to reduce the amount of cash the company needs to develop and build projects. Since most developers of industrial projects require tax capital and only a relatively small number of institutional investors offer this product, there may be intense competition for the supply of tax capital. If the company is unable to raise tax capital from this select group of investors, we may not be able to develop additional projects.
- *Government policy:* Depending on the political situation, government policy may favor or hinder the development of industry. Although the presidential administration has included industrial enterprises in the planned omnibus of expenses, which may provide monetary compensation instead of an investment tax credit, such a policy has not been adopted at the time of preparation of this annual report. Instead, the administration has threatened to impose anti-washing duties on Chinese parts imported to the United States from Vietnam, Malaysia, Thailand and Cambodia, creating problems for the development of the industry.

### **Offices and staff**

The company's offices are located at 3315 Enterprise Drive, Rowlett, TX. The number of employees of the Company in 2017 amounted to 743 people. During the year ended December 31, 2017, the Company used employees and services provided by the Owner.

### **Our income**

The revenue from the implementation of our projects consists mainly of payments that we receive from customers under purchase and sale agreements for the final products of our projects. The Company also receives revenue from the sale of projects and the collection of fines from contractors who have not fulfilled certain conditions stipulated in construction contracts ("Liquidation Losses").

### **Our operating costs and expenses**

The company incurs various costs and expenses, including:

- bank fees;
- legal costs;



- payments of remuneration and accrued interest to the Owner;
- payments to third parties for the operation and maintenance of Projects;
- payments to the American states in accordance with their legislation;
- debt service and transaction fees (when we borrow money at the company level);
- the cost of an annual financial audit.
- US taxes.

Projects also entail various costs and expenses, including:

- payments to third parties for the operation and maintenance of Projects;
- lease payments to landowners;
- Debt service and transaction fees (when we borrow money at the company level);
- utilities;
- Property taxes;
- bank fees;
- project insurance.

## **Paragraph 2: Management's discussion and analysis of the financial condition and results of operations**

The following discussion of our financial condition and results of operations should be read in conjunction with our financial statements and related notes contained in this annual report. The following discussion contains forward-looking statements reflecting our plans, estimates and beliefs. Our actual results may differ materially from those discussed in the "Cautionary Statement regarding Forward-looking Statements" section. Unless otherwise indicated, the latest results below relate to December 31, 2017.

### **Offer results**

On April 12, 2017, the company began accepting direct financing of its own industrial projects. The offer circular can be obtained by contacting the company. We call the clients financing the projects "Investors".

We have authorized, are allowing and will continue to authorize financing under the Offer for up to \$75 million over any rolling twelve-month period. The proposal is conducted as a continuous one in accordance with Rule 251 (d)(3) of Regulation A. As at December 31, 2017, we have raised total gross revenue of USD 106,568,625.35 through fundraising and USD 31,238,341.37 through promotional activities.

We plan to raise financing as part of our Offer until we raise the capital needed to cover capital expenditures for all projects approved by the Investment Committee. If we fully finance the costs of all projects under the Proposal, we will stop fundraising until the new project is approved by the company for investment.

## Distributions

Subject to sufficient cash inflows, we intend to authorize and announce payments based on the net profit for the previous month, minus the amounts deferred to reserves.

Although we are not required to do so, in the past and in the future we have declared and paid dividends on a daily basis; however, our trustee may declare other periodic payments, as if circumstances require it. The following table shows the total amount of distributions made by the Company during 2017:

<i>Data spread</i>	<i>The amount</i>	<i>The Commission for active literature management</i>	<i>Advanced Interest</i>
04/29/2017	\$430,139.54	\$0.00	\$0.00
08/30/2017	\$2,134,069.77	\$0.00	\$0.00
12/24/2017	\$7,672,211.23	\$0.00	\$0.00
<b>Total</b>	<b>\$10,236,420.54</b>	<b>\$0.00</b>	<b>\$0.00</b>

\*Note: Del Mar Energy reserves the right to protect reduce our commissions for any reason or for the desired monetary income of investors.

## Operating results

For the fiscal year ended December 31, 2017, the company accepted financing totaling \$23,154,098 and generated revenue of \$106,568,625.35.

As at December 31, 2017, the company's assets amounted to \$38,686,103, including projects owned by the company worth \$37,459,543.3, and current assets on the balance sheet - \$1,226,559.7. The liabilities amount to \$51,788.42.

## Liquidity and capital resources

We depend on the net proceeds from financing for the implementation of our proposed investments. We will receive the capital necessary to acquire new projects and conduct our business from proceeds from the Offer and any future offers that we may hold, from secured or unsecured financing from private investors and other creditors, as well as from undistributed funds from our activities. As at December 31, 2017, the Company's cash assets amounted to 594,126.87 USD. If the capital raised during the placement turns out to be insufficient for the construction of future projects, we can raise additional capital to compensate for the difference.

## Prospects and recent trends

In addition to the trends and factors that will affect the success of the company, discussed in this annual report and in the section "Investment RISKS" in the Offer Circular, the company is not aware of any trends, uncertainties, claims, obligations or events that are likely to have a significant negative impact on our revenues, profits from continuing operations, profitability, liquidity or capital resources. However, we warn that any of the points discussed in this annual report and in the section "INVESTMENT RISKS" of the offer circular may have a significant negative impact.

## Accounting method

The compensation described in this section has been calculated on an accrual basis.



**Paragraph 3: Managers and key staff**

<b>Executive Team</b>		
Name	Position	
Richard Bowman	Chief Financial Officer	Full-time employment
Gregory Hall	Chief Technical Officer	Full-time employment
Patrick Fisher	Director of Land and Title Rights	Full-time employment

<b>Executive Officers</b>		
Linda Harper	Capital Markets Specialist	
Adam Adderiy	Investor Relations Manager	Full-time employment
Andrew Lee	Top Manager of Customer Service Department	Full-time employment
Patrick Fisher	Investor Relations Specialist	Full-time employment

**Management experience**

*Richard Bowman*

At one time, he held the position of senior manager in the financial department of a large international holding company Marathon Oil, where he earned a reputation as an uncompromising professional. Thanks to his strategic thinking and ability to make informed decisions, the company's market value has grown by an impressive \$6 billion under his leadership. Richard has implemented reforms that have significantly improved financial performance and optimized costs, which has led to increased trust from shareholders and partners.

When he joined Del Mar Energy Inc., he already had a unique set of skills and ambitions. From the very beginning, Richard has been analyzing market trends and identifying new growth opportunities. He initiated several projects using innovative technologies that allowed the company to increase revenue by 12% in a short period of time. Progressive ideas and a deep understanding of the energy sector have allowed Del Mar Energy Inc. to enter new markets and strengthen its position in existing ones. Richard continues to actively develop the company, striving to make it an industry leader, and is not going to stop there.

*Gregory Hall Chief Technical Officer*

It was this man who in 2012 insisted on the creation of scientific and technical centers that We have turned around the approach of Del Mar Energy Inc. to the development and implementation of advanced technologies. Gregory realized that in order for the company to remain competitive in the global market, in the energy market, she had to rely on innovation and research. She recruited the best scientists and engineers, forming teams that focused on research in the field of renewable energy sources, production optimization and the development of new technologies for the extraction and processing of oil and gas.

The creation of these scientific and technical centers was a key factor that allowed Del Mar Energy Inc. to make a qualitative leap in the development of its technologies. Gregory personally supervised the process He was responsible for the launch of the centers, supervised the recruiting of specialists and ensured close interaction between scientists and business units of the company, which made it possible to turn ideas into real commercially

successful products. In particular, under his leadership, the company launched several projects that significantly reduced production costs and reduced its carbon footprint.

Gregory has become the epitome of the company's technological heyday. Thanks to his passion for innovation and constant pursuit of excellence, Del Mar Energy Inc. He remains an industry leader, continuing to surprise competitors and investors with his technological achievements. Every year he confirms his status as an "innovative leader", which strengthens his reputation and makes him a key figure in the success of the company.

### *Patrick Fisher*

Patrick graduated from high school in San Diego, where he actively participated in school activities and was fond of sports, especially football and swimming. Moving to Hawaii marked the beginning of a new stage in his life, and he chose Honolulu Community College to continue his education. During his studies, he became interested in business and economics, which led him to choose a future direction.

After graduating, Patrick enrolled at the University of Hawaii at Manoa, where he decided to specialize in business administration. There he not only studied, but also actively participated in student life, was elected to the student Senate, where he defended the interests of his classmates and helped organize various university events. At the same time, he worked as a tutor, helping undergraduate students study subjects related to business and management.

In the classroom, he proved himself to be a diligent and purposeful student, actively participating in discussions and always striving to understand the practical side of business. Thanks to his experience as a student senator, Patrick has learned how to communicate effectively, resolve conflicts and manage projects. Working as a tutor not only helped him consolidate his knowledge, but also developed mentoring skills, which became a useful experience in his future career.

### **Court proceedings**

Over the past five years, no director, executive director or significant employee of the Company has been convicted, pleaded guilty or pleaded guilty in any criminal case, except for traffic violations and other minor offenses.

During the last five years, no director, executive director or significant employee of the company, as well as no partnership in which the executive director or significant employee the employee was a general partner, and no corporation or other business unit in which the executive director or a significant employee was an executive director was a debtor in a bankruptcy case or any similar case.

### **Increased interest**

The distribution of the usual operating cash flow will look like this:

- The Owner calculates projected monthly operating cash flows for Projects based on existing contracts and other assumptions defined in the Project Model for each Project ("Projected Cash Flow").
- The projected cash flow is used to calculate the target internal rate the return ("IRR") for investing in a company.
- Part of the projected cash flow will be paid to Investors until the Owner receives his advance share ("Preferred Income").
- To calculate the preferred payment for each month, the projected cash flow is multiplied by a percentage so that the company's projected IRR is 5% ("Adjusted Operating Cash Flow").



- Each month, the adjusted operating cash flow for that month is distributed to investors.

*When contributions are paid*

The stages of the organization, development and operation of the Company, as well as the remuneration paid by the Company to the Owner and his affiliates at each stage, are presented below:

The stage of the company	Compensation
Company management	Reimbursement of expenses
Project acquisition	Assets management costs Payment for the developer (if applicable)
Project work	Asset management fees
Selling of the project	Remuneration for asset management

**Paragraph 4: Payments to the Executives**

In 2017, Del Mar Energy Inc. adhered to a transparent and competitive remuneration policy aimed at attracting and retaining highly qualified specialists who play a key role in project management and strategic development of the company.

**Key metrics:**

- The total salary amount includes:
  - Executive salaries.
  - Payments for project and asset management, including both fixed remuneration and bonuses for the fulfillment of key performance indicators.
  - Increased interest rate to stimulate capital raising through investors.

**Key figures:**

- Michael Latham, a founder and CEO, was involved in general management, including the development of new business lines.
- Other members of the management team, such as the CFO and CTO, have made significant contributions to improving the company's financial and technical performance.
- The company's policy laid in a strict control of remuneration so that it was consistent with performance and long-term goals.

**Paragraph 5: Holders of securities**

Del Mar Energy Inc. successfully attracted investments through an innovative crowdfunding model, which allowed the company to expand its investor base and create transparent financial mechanisms.

**2017 results:**

- **Total gross proceeds from financing:** \$106,568,625.35.
- **Contribution from advertising campaigns:** \$31,238,341.37.

The financing model assumes an equal distribution of profits among all investors, which makes the company attractive to individuals looking for reliable and sustainable investment opportunities.

**Spending policy:**

- Payments to investors were made daily based on the net profit from the projects.
- Payments were possible only if there was sufficient cash flow, which ensures financial stability.

**Features:**

- Investors do not have the right to vote in management, but receive regular payments from the company's profits.
- The inability to transfer shares to third parties allows you to maintain the stability of the structure and prevent undesirable changes in the composition of investors.

**Paragraph 6: Ownership structure**

Del Mar Energy Inc. has developed a flexible and reliable ownership structure that protects the company's assets and effectively manages project risks.

Key aspects of the structure:

- **Special Purpose Entities (SPE):** Each project is implemented through a separate legal entity to minimize risks. These entities protect assets from potential liabilities of other projects.
- **100% Ownership:** All SPEs are owned by Del Mar Energy Inc., which provides full control over the projects.
- **Potential partnership:** The Company retains the ability to attract external partners to implement individual projects based on a long-term partnership.

Within this structure, the company has the opportunity to:

- Keep projects in the long term, ensuring a stable income stream.
- If necessary, sell projects with high profits, using their experience in asset stabilization and the formation of an investment-attractive portfolio.

**Paragraph 7: Financial statements**





**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS  
OF THE INTERNATIONAL INDUSTRIAL HOLDING DEL MAR ENERGY INC FOR 2017 INDEPENDENT AUDITOR'S REPORT**

To private investors of the international industrial holding "DEL MAR ENERGY INC"

CONCLUSION ON THE AUDIT RESULTS OF THE FINANCIAL STATEMENTS OF THE ORGANIZATION INDUSTRIAL HOLDING

Opinion

We have conducted an audit of the reporting on facility objects that are part of the International Industrial Holding DEL MAR ENERGY INC, and transactions with these objects ("Special Purpose Reporting"), which includes:

- Reports on the value of net assets, including the value of the property of the international industrial holding, compiled as at 12/31/2017;
- Monthly reports on the increase (decrease) in the value of property constituting an international organization industrial holding, for each month of 2017;
- Report on remuneration and expenses related to the trust management of property belonging to an international industrial holding for 2017;
- Explanatory note to the annual financial statements of the international industrial holding for 2017.

In our opinion, the accompanying special purpose financial statements of Del Mar Energy Inc, an international industrial holding company, as at December 31, 2017 and for the year then ended, have been prepared in all material respects in accordance with the reporting requirements for assets belonging to an international industrial holding company and operations with this property, provided for by the Investment Companies Act of 1940, FORM 10-K, "2a-7 of the Investment Companies Act", including the order in which the average value of the annual net asset value was calculated. The basis for expressing an opinion.

We conducted the audit in accordance with the International Standards on Auditing ("ISA"). Our responsibilities in accordance with these standards are further disclosed in the section "Responsibilities of the auditor for the audit of special purpose financial statements" of this report.

We are independent in accordance with the Rules on the Independence of Auditors and Auditing Organizations and the Code of Professional Ethics for Auditors, in accordance with the International Code of Ethics for Professional Accountants (including International Standards of Independence) issued by the International Council on Standards of Ethics for Professional Accountants, and we have fulfilled our other responsibilities in accordance with these requirements of professional ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Important circumstances: accounting principles.

We draw attention to the Explanatory Note to the annual financial statements of Industrial International Holding Company for 2017, which sets out the regulatory requirements for special purpose reporting. The attached special purpose financial statements have been prepared in order to reflect the Company's compliance with the requirements of these U.S. regulatory documents with respect to facilities belonging to Industrial International Holdings and transactions with these facilities. Therefore, these special purpose reports may not be suitable for any other purpose. We do not express a modified opinion on this issue.

Responsibility of the management of an industrial holding company for special purpose reporting.

Management is responsible for the preparation of these special purpose financial statements in accordance with the reporting requirements for facilities belonging to an international industrial holding and transactions with these objects established by US regulations, as well as for the internal control system that management considers necessary for the preparation of special purpose financial statements that are free from material misstatement due to unfair actions or mistakes.

Auditor's responsibility for the audit of special purpose financial statements.

Our objective is to obtain reasonable assurance that the special purpose financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report containing our opinion. Reasonable assurance is a high degree of confidence, but it is not a guarantee that an audit conducted in accordance with the ISA will always identify material misstatements, if any misstatements



may be the result of fraud or error and are considered material if, individually or collectively, they can be expected to influence the economic decisions of users made on the basis of these special purpose financial statements.

As part of an audit conducted in accordance with the ISA, we use professional judgment and maintain professional skepticism throughout the audit.

In addition, we:

- ' Identifying and assessing the risks of material misstatement of the financial statements of a special purpose organization due to fraud or error; developing and conducting audit procedures that meet these risks; and obtaining audit evidence sufficient and appropriate to express our opinion. The risk of non-detection of material misstatements as a result of fraud is higher than the risk of non-detection of material misstatements as a result of error, since fraud may include collusion, forgery, intentional omission, misrepresentation or actions bypassing the internal control system;
- ' gain an understanding of the internal control system relevant to the audit in order to develop audit procedures appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control system;
- ' Assess the correctness of the accounting policies used and the validity of accounting estimates made by management, as well as the relevant disclosures.

We communicate with management, in particular, about the planned scope and timing of the audit, as well as about significant comments on the audit results, including significant deficiencies in the internal control system that we identified during the audit.

#### REPORT ON THE RESULTS OF THE PROCEDURES PERFORMED BY THE AUDITOR

#### IN ACCORDANCE WITH THE REQUIREMENTS OF THE FEDERAL LAW "ON INVESTMENT FUNDS"

The management of the Management Company is responsible for compliance with the requirements established by US regulations in relation to facility objects that are part of an international industrial holding company and transactions with these objects.

In accordance with the article on investment funds, we conducted an audit:

#### 1. Fulfillment of the requirements for:

- ' the composition and structure of assets belonging to an international industrial holding;
- ' assessment of the estimated cost of one investment site, the amount that can be used to finance industrial projects, and the amount of monetary compensation that will be paid in connection with the financing of the company's projects.

#### 2. Compliance with the requirements of an industrial company:

- ' rules of accounting and reporting in relation to the property constituting an industrial holding company and transactions with this property;
- ' requirements for the order of storage of property constituting an industrial holding and documents certifying the rights to property constituting an industrial holding;
- ' requirements for transactions made with the assets of an industrial holding company.

Based on the results of the procedures carried out, we did not find violations of the requirements of the applicable legislation in all significant aspects.

We have not carried out any procedures regarding the accounting and reporting of the property belonging to the holding and transactions with this property, except for the procedures that we consider necessary to express an opinion on whether the company's special purpose accounts have been prepared as at December 31, 2017 and for the year ended on that date, in all material respects in accordance with with the reporting requirements of industrial holdings established by US regulations.

Grace Bennett

Deputy General Director for Audit

Based on Power of attorney No.002-AK-2017 dated 12.01.2018 Deloitte, 695

Town Center Dr, Suite 1000

March 29, 2018

Audited company

The organization is Deloitte International Industrial Holding USA "DEL MAR

ENERGY INC"

3315 Enterprise Drive, Rowlett, TX, United States







Report on the value of net assets, including the value of assets (property), industrial holding DEL MAR ENERGY INC.

**Section 1: Parameters of the Net Asset Value statement**

<i>Current reporting date</i>	<i>Previous reporting date</i>	<i>The code of the currency in which the value is determined net assets</i>
<b>1</b>	<b>2</b>	<b>3</b>
31.12.2017	30.11.2017	USD

**Section 2. Assets**

**Subsection 1. Cash**

<i>The name of the indicator</i>	<i>The code of the lines and</i>	<i>Amount as of the current reporting date</i>	<i>Amount as of the previous reporting date</i>	<i>Percentage age total value of assets at the current reporting date</i>	<i>The share of the value of net assets at the current reporting date, a percentage</i>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
Cash - total	01	594,126.87	748,432.30	1.54	1.54
Including: according to the accounts of the depot - total	01.01	594,126.87	748,432.30	1.54	1.54
Including: in US currency	01.01.01	594,126.87	748,432.30	1.54	1.54
In foreign currency	01.01.02	0.00	0.00	0.00	0.00
Including accounts with credit institutions - total	01.02	0.00	0.00	0.00	0.00
In American currency	01.02.01	0.00	0.00	0.00	0.00
In foreign currency	01.02.02	0.00	0.00	0.00	0.00

**Subsection 2. Industrial projects (excluding unrealized ones)**

<i>The name of the indicator</i>	<i>The code of the lines and</i>	<i>Amount (cost) as of the current reporting date</i>	<i>Amount (cost) as of the previous reporting date</i>	<i>The share of total assets at the current reporting date, a percentage</i>	<i>Share of net asset value at the current reporting date, a percentage</i>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
Industrial facilities - total	02	37,459,543.3	36,776,892.10	96.83	96.83
These include: Industrial facilities in the USA.	02.01	27,439,238.40	26,849,439.23	69.4	69.4
Among them: Industrial projects aimed at mining of minerals	02.01.01	18,436,344.02	18,311,349.39	47.66	47.66
Road construction projects	02.01.02	1,384,239.38	1,278,382.83	3.58	3.58
Energy facilities	02.01.03	2,893,322.14	2,801,234.53	7.48	7.48
Renewable energy production facilities	02.01.04	3,485,483.06	4,219,439.39	9	9
Coal mining enterprises	02.01.05	1,239,849.80	2,382,384.03	3.2	3.2
Including: Industrial projects in Europe	02.02	5,153,608.87	4,532,764.16	13.32	13.32
Among them: Mining sites	02.02.01	1,384,304.94	1,394,491.39	3.58	3.58



Road construction projects	02.02.02	783,438.02	542,294.96	2.03	1.86
Energy facilities	02.02.03	492,387.39	1,238,023.42	1.29	1.29
Renewable energy production facilities	02.02.04	394,483.83	632,391.38	1.02	1.02
Coal mining enterprises	02.02.05	2,098,994.69	983,438.04	5.43	5.43
Securities	02.03	0.00	0.00	0.00	0.00
Patents	02.04	1,428,402.39	1,956,394.47	3.69	3.69
Laboratories and research centers	02.05	3,438,293.65	3,438,293.65	8.88	8.88

**Subsection 3. Monetary claims under loan and loan agreements, including those satisfied at the expense of a mortgage**

<i>The name of the indicator</i>	<i>The code of the lines and</i>	<i>Amount (cost) as of the current reporting date</i>	<i>The amount (cost) for Previous reporting date</i>	<i>The share of total assets at the current reporting date, a percentage</i>	<i>Share of net asset value at the current reporting date, a percentage</i>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
Monetary requirements for credit contracts, including requirements, satisfied with the mortgage - general	03	0.00	0.00	0.00	0.00
Including : Monetary claims under credit contract and loan agreements that are not satisfied with mortgage loans	03.01	0.00	0.00	0.00	0.00
Layings	03.02	0.00	0.00	0.00	0.00

**Subsection 4: Other property not specified in subsections 1-3**

<i>The name of the indicator</i>	<i>Line code</i>	<i>Amount (cost) as at the current reporting date</i>	<i>Amount (cost) as at the previous reporting date</i>	<i>Share of the total number from the values and assets at the as at the current reporting date, a percentage</i>	<i>Share of net asset value at the current reporting date, a percentage</i>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
Other assets - total	04	1,201,407.38	1,658,926.37	3.1	3.1
Including: Motor transport	04.01	382,392.31	327,302.03	0.99	0.99
Building material	04.02	89,431.49	38,139.85	0.23	0.23
Share in joint ventures	04.03	729,583.58	1,293,484.49	1.86	1.86





**Subsection 5. Debts**

<i>The name of the indicator</i>	<i>Line code</i>	<i>Amount (cost) as of the current reporting date</i>	<i>Amount (cost) as of the previous reporting date</i>	<i>The share of total assets at the current reporting date, a percentage</i>	<i>Share of net asset value at the current reporting date, a percentage</i>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
Total debt - total	05	258,296.06	33,789.93	0.67	0.67
Indebtedness to investors	05.01	98,438.82	5,392.04	0.25	0.25
Indebtedness to auditors	05.02	2,349.48	2,005.57	0.006	0.006
Tax arrears	05.03	28,359.73	26,392.32	0.07	0.07
Other accounts receivable	05.04	0.00	0.00	0.00	0.00

**Subsection 6. Total value of assets**

<i>The name of the indicator</i>	<i>Line code</i>	<i>Amount (cost) as of the current reporting date</i>	<i>Amount (cost) as of the previous reporting date</i>	<i>Share of net asset value at the current reporting date, a</i>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Total cost of assets (line amount 01+02+03+04+05)	06	38,737,891.4	39,184,250.7	100.13

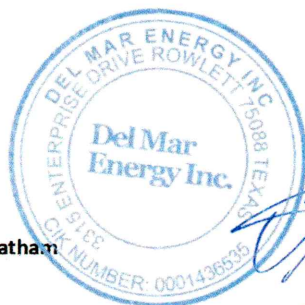
**Section 4. Obligations**

<i>The name of the indicator</i>	<i>Line code</i>	<i>Amount as of the current reporting date</i>	<i>Amount as of the previous reporting date</i>	<i>Share of the total number of obligations as of the current reporting date, a percentage</i>	<i>Share of net asset value at the current reporting date, a percentage</i>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
Accounts payable/Credit debt arrears	07	0.00	0.00	0.00	0.00
Reserve for payment of remuneration - total	08	40,000,000	40,000,000	0.00	0.00
Including: Obligations to investors	08.01	2,349.48	2,005.57	4.54	0.006
Specialized depository, recorder, auditing organization and appraiser	08.02	49,438.94	62,392.39	95.46	0.13
Total liabilities	09	51,788.42	64,397.96	100	0.13



**Section 5. Net asset value**

<i>The name of the indicator</i>	<i>Line code</i>	<i>Amount (cost) as of the current reporting date</i>	<i>Amount (cost) as of the previous reporting date</i>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
Net asset value net asset value (difference of the lines 06 and 09)	10	38,686,103	39,119,852.8
Additional paid-in capital that is not considered a net asset	11	60,000,000	60,000,000
Including : Insurance premium	12	20,000,000	20,000,000



**Founder and CEO of Industrial Holdings Michael Latham**

**Authorized Representative of the specialized depository Grace Bennett**







Allocation of assets and liabilities assumed in calculating the value of net assets

1. Breakdown of section

2. "Assets" Subsection 1. Monetary funds

2.1. Monetary funds on accounts in banking organizations

<i>Number of lines</i>	<i>The name of the bank</i>	<i>Swift Bank</i>	<i>RSSD ID</i>	<i>Current account code</i>	<i>Type of bank account</i>	<i>The amount of cash</i>	<i>Share in the total value of assets, in units</i>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
1	Bank of America	BOFAUS3DAU2	1443266	USD	Current account	193,384.39	0.5
<b>Total</b>	X	X	X	X	X	193,384.39	0.5

2.2. Monetary funds on accounts in banking organizations

<i>Number of lines</i>	<i>The name of the bank</i>	<i>Swift Bank</i>	<i>RSSD ID</i>	<i>Current account code</i>	<i>Type of bank account</i>	<i>The amount of cash</i>	<i>Share in the total value of assets, a percentage</i>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
1	Bank of America	BOFAUS3DAU2	1443266	USD	Deposit account	128,492.23	0.33
<b>Total</b>	X	X	X	X	X	128,492.23	0.33

2.3. Funds in an independent depository

<i>Line number</i>	<i>Cell phone code</i>	<i>Account currency code</i>	<i>The amount of cash</i>	<i>Share in the total value of assets, a percentage</i>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1	US128-29427	USD	269,250.25	0.69
<b>Total</b>	X	X	269,250.25	0.69

Subsection 2: Industrial facilities in the USA

2.1 Among them: Industrial projects aimed at mining of minerals

<i>Line number</i>	<i>Type of object</i>	<i>Location</i>	<i>Total quantity (units)</i>	<i>Total cost</i>	<i>The average cost of an object</i>	<i>Share of the net asset value, a percentage</i>	<i>Note</i>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
1	Oil rigs	Texas State	103	10,164,461.30	98,684.09	26.27	0
2	Oil rigs	New Mexico State	27	2,765,836.26	102,438.38	7.15	0
3	Gas rigs	Texas State	34	1,631,216.98	47,976.97	4.22	0



4	Cleaning	Texas State	27	312,509.61	11,574.43	0.8	0
5	Filtration systems	New Mexico State	12	165,116.04	13,759.67	0.43	0
6	Cleaning Systems	Texas State	49	207,347.91	4,231.59	0.54	0
7	Cleaning Systems	New Mexico State	27	109,564.92	4,057.96	0.28	0
8	Transport stations	Texas State	1	236,962.03	236,962.03	0.61	0
9	Transport stations	New Mexico State	1	297,832.38	297,832.38	0.77	0
10	Sampling stations	Georgie State	1	112,846.83	112,846.83	0.29	0
11	Primary laboratories	Texas State	2	197,309.74	98,854.87	0.51	0
12	Equipment warehouses	Texas State	2	76,864.66	38,432.33	0.2	0
13	Recycling points	Texas State	3	397,003.14	132,334.38	1.03	0
14	Stabilisation systems	Texas State	54	128,650.14	2,382.41	0.33	0
15	Points of designing	Texas State	1	1,538,338.5	1,538,338.5	3.98	0
16	Sorting points	Texas State	1	93,483.58	93,483.58	0.24	0
<b>Total</b>	X	X	345	18,436,344.02	18,436,344.0	47.66	X

## 2.2 Road construction projects

Line number	Type of object	Location	Total quantity (units)	Total cost	The average cost of an object	Share of the net asset value, a percentage	Note
1	2	3	4	5	6	7	8
1	Private highway	Texas State	1	1,006,338.42	1,006,338.42	2.6	0
2	Scientific research	New York	1	129,398.31	129,398.31	0.33	0
3	Special purpose	X	13	147,508.14	11,346.78	0.38	0
4	Building material	X	X	100,994.51	100,994.51	0.26	0
5	<b>Total</b>	X	X	1,384,239.38	X	3.57	X

## 2.3 Energy facilities

Line number	Object type	Location	Total number (units)	Total cost	The average cost of the project	The share of the total value of the net assets, units	Note
1	2	3	4	5	6	7	8
1	Thermal power plant	California	2	1,876,649.84	938,324.92	4.85	0
2	Hydroelectric power station	New-Mexico	1	1,016,672.3	1,016,672.30	2.63	0
3	<b>Total</b>	X	3	2,893,322.14	X	7.48	X





#### 2.4. Renewable energy production facilities

<i>Line number</i>	<i>Object type</i>	<i>Location</i>	<i>Total number (units)</i>	<i>Total cost</i>	<i>The average cost of the project</i>	<i>Share in total value and net assets, a percentage</i>	<i>Note</i>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
1	Windmills	Alabama	28	606,028.36	21,643.87	1.57	0
2	Windmills	New Mexico	23	520,857.54	22,645.98	1.35	0
3	Solar panels	X	119	1,463,049.07	12,294.53	3.78	0
4	Solar substitutes	New Mexico	1	796,753.98	796,753.98	2.06	0
5	Stabilizer and adjust the torsos	X	23	98,794.11	4295.4	0.01	0
6	<i>Total</i>	X	194	3,485,483.06	X	8.77	X

#### 2.5. Coal mining enterprises

<i>Line number</i>	<i>Object type</i>	<i>Location</i>	<i>Total number (units)</i>	<i>Total cost</i>	<i>The average cost of the project</i>	<i>Share in total value and net assets, a percentage</i>	<i>Note</i>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
1	Coal fields	New Mexico	1	965,439.54	965,439.54	2.5	0
2	Drills	X	11	274,410.26	24,946.39	0.71	0
3	<i>Total</i>	X	12	1,239,849.80	X	3.21	X

#### Subsection 2: Industrial facilities in Europe

##### 2.3.1 Among them: Industrial projects aimed at mining of minerals

<i>Line number</i>	<i>Object type</i>	<i>Location</i>	<i>Total number (units)</i>	<i>Total cost</i>	<i>The average cost of the project</i>	<i>Share in total value and net assets, a percentage</i>	<i>Usage</i>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
1	Oil rigs	UAE	23	987,246.23	42,923.75	2.55	0
2	Cleaning points	Germany	1	124,438.38	124,438.38	0.32	0
3	Laboratories	France	1	47,358.03	47,358.03	0.12	0
4	Tanks	UAE	24	225,262.3	9,385.93	0.58	0
5	<i>Total</i>	X	49	1,384,304.94	X	3.57	X



### 2.3.2 Road construction projects

<i>Line number</i>	<i>Object type</i>	<i>Location</i>	<i>Total number (units)</i>	<i>Total cost</i>	<i>The average cost of the project</i>	<i>Share in total value and net assets, a percentage</i>	<i>Usage</i>
1	2	3	4	5	6	7	8
1	The car register	France	1	592,358.39	592,358.39	1.53	0
2	Special purpose equipment	X	6	86,079.42	14,346.57	0.22	0
3	Building materials	X	X	105,000.21	105,000.21	0.27	0
4	Total	X	X	783,438.02	X	2.02	X

### 2.3.3 Energy facilities

<i>Line number</i>	<i>Object type</i>	<i>Location</i>	<i>Total number (units)</i>	<i>Total cost</i>	<i>The average cost of the project</i>	<i>Share in total value and net assets, a percentage</i>	<i>Usage</i>
1	2	3	4	5	6	7	8
1	Thermal power plants	Singapore	1	297,483.32	297,483.32	0.77	0
2	Hydroelectric power plants	Spain	1	194,904.07	194,904.07	0.5	0
3	Total	X	2	492,387.39	X	1.27	X

### 2.3.4 Renewable energy production facilities

<i>Line number</i>	<i>Object type</i>	<i>Location</i>	<i>Total number (units)</i>	<i>Total cost</i>	<i>The average cost of the project</i>	<i>The share of the total value of net assets, a percentage</i>	<i>Note</i>
1	2	3	4	5	6	7	8
1	Solar panels	UAE	17	117,210.07	6,894.71	0.3	0
2	Windmills	Netherlands	12	134,859.72	11,238.31	0.35	0
3	Wind platforms	Germany	5	97,336.35	19,467.27	0.25	0
4	Stabilize the fish	X	47	45,077.69	959.1	0.12	0
5	Total	X	81	394,483.83	X	1.02	X



## 2.3.5 Coal mining enterprises

Line number	Object type	Location	Total number (units)	Total cost	The average cost of the project	Percentage age total net assets, a percentage	Usage
1	2	3	4	5	6	7	8
1	Deposit	Italy	1	1,439,391.36	1,439,391.36	3.72	0
2	Mine	Italy	6	659,603.33	109,933.89	1.7	0
3	Total	X	7	2,098,994.69	X	5.42	X

Founder and CEO of Industrial Holdings Michael Latham

Authorized Representative of the specialized depository Grace Bennett





COST INCREASE (DECREASE) REPORT

PROPERTY OWNED BY AN INTERNATIONAL INDUSTRIAL HOLDING COMPANY

Section 1: Parameters of the report on the increase (decrease) in the value of the property

<i>The reporting period</i>	<i>The code of the currency in which the value of net assets is determined</i>
<b>1</b>	<b>2</b>
January 2017	USD

Section 2: Parameters of the report on the increase (decrease) in the value of the property

<i>The name of the indicator</i>	<i>Line code</i>	<i>The value of the indicator for the reporting period</i>
<b>1</b>	<b>2</b>	<b>3</b>
An increase in the "+" (decrease in the "-") value of property as a result of transactions with property - total	01	7,832,729.35
<i>Including as a result of transactions :</i>		
Sale of land plots	01.01	2,429,486.64
Sale of enterprises and production facilities	01.02	2,392,497.37
Sale of industrial facilities	01.03	1,942,384.29
Sale of motor vehicles	01.04	-38,372.31
Sale of scientific developments and patents	01.05	1,106,733.36
Sale of project paperwork	01.06	0.00
Profit from renting out facilities owned by the company property	01.07	0.00
Receiving dividends from facility investments	01.08	0.00
Sale of art treasures	01.09	0.00
Interest income on bank accounts	01.10	0.00
Receiving dividends from third- party investment companies	01.11	0.00
Other income	01.12	1,392,384.02
Other expenses	01.13	847,392.27
Depreciation of facilities in the course of production activities	01.14	-544,991.75
Total: increase "+" or decrease "-" in the value of the property (lines 01+01.01+01.02+01.03+01.04 +01.05+01.06+01.07+01.08+01.09)	01.15	7,832,729.35





## COST INCREASE (DECREASE) REPORT

### PROPERTY OWNED BY AN INTERNATIONAL INDUSTRIAL HOLDING COMPANY

#### Section 1: Parameters of the report on the increase (decrease) in the value of the property

<i>The reporting period</i>	<i>The code of the currency in which the value of net assets is determined</i>
<b>1</b>	<b>2</b>
February 2017	USD

#### Section 2: Parameters of the report on the increase (decrease) in the value of the property

<i>The name of the indicator</i>	<i>Line code</i>	<i>The value of the indicator for the reporting period</i>
<b>1</b>	<b>2</b>	<b>3</b>
An increase in the "+" (decrease in the "-") value of property as a result of transactions with property - total	01	11,549,592.37
Including as a result of transactions :		
Sale of land plots	01.01	4,540,294.54
Sale of enterprises and production facilities	01.02	-349.450
Sale of industrial facilities	01.03	7,945,549.27
Sale of motor vehicles	01.04	-54,450.24
Sale of scientific developments and patents	01.05	1,250,450.56
Sale of project paperwork	01.06	0.00
Profit from renting out facilities owned by the company property	01.07	0.00
Receiving dividends from facility investments	01.08	0.00
Sale of art treasures	01.09	0.00
Interest income on bank accounts	01.10	0.00
Receiving dividends from third- party investment companies	01.11	0.00
Other income	01.12	-628,864.44
Other expenses	01.13	-530,506.43
Depreciation of facilities in the course of production activities	01.14	-623,430.49
Total: increase "+" or decrease "-" in the value of the property (lines 01+01.01+01.02+01.03+01.04+01.05+01.06+01.07+01.08+01.09)	01.15	11,549,592.37



**COST INCREASE (DECREASE) REPORT**

**PROPERTY OWNED BY AN INTERNATIONAL INDUSTRIAL HOLDING COMPANY**

**Section 1: Parameters of the report on the increase (decrease) in the value of the property**

<i>The reporting period</i>	<i>The code of the currency in which the value of net assets is determined</i>
<b>1</b>	<b>2</b>
March 2017	USD

**Section 2: Parameters of the report on the increase (decrease) in the value of the property**

<i>The name of the indicator</i>	<i>Line code</i>	<i>The value of the indicator for the reporting period</i>
<b>1</b>	<b>2</b>	<b>3</b>
An increase in the "+" (decrease in the "-") value of property as a result of transactions with property - total	01	3,028,294.34
Including as a result of transactions :		
Sale of land plots	01.01	138,397.46
Sale of enterprises and production facilities	01.02	4,034,193.36
Sale of industrial facilities	01.03	1,493,539.87
Sale of motor vehicles	01.04	12,439.40
Sale of scientific developments and patents	01.05	-583,304.04
Sale of project paperwork	01.06	0.00
Profit from renting out facilities owned by the company property	01.07	0.00
Receiving dividends from facility investments	01.08	0.00
Sale of art treasures	01.09	0.00
Interest income on bank accounts	01.10	0.00
Receiving dividends from third- party investment companies	01.11	0.00
Other income	01.12	2,230,738.96
Other expenses	01.13	4,876,092.87
Depreciation of facilities in the course of production activities	01.14	-578,382.2
Total: increase "+" or decrease "-" property values (lines 01+01.01+01.02+01.03+01.04+01.05+01.06+01.07+01.08+01.09)	01.15	3,028,294.34





## COST INCREASE (DECREASE) REPORT

### PROPERTY OWNED BY AN INTERNATIONAL INDUSTRIAL HOLDING COMPANY

#### Section 1: Parameters of the report on the increase (decrease) in the value of the property

<i>The reporting period</i>	<i>The code of the currency in which the value of net assets is determined</i>
<b>1</b>	<b>2</b>
April 2017	USD

#### Section 2: Parameters of the report on the increase (decrease) in the value of the property

<i>The name of the indicator</i>	<i>Line code</i>	<i>The value of the indicator for the reporting period</i>
<b>1</b>	<b>2</b>	<b>3</b>
An increase in the "+" (decrease in the "-") value of property as a result of transactions with property - total	01	9,738,492.71
Including as a result of transactions :		
Sale of land plots	01.01	-238,439.39
Sale of enterprises and production facilities	01.02	485,349.67
Sale of industrial facilities	01.03	6,945,482.39
Sale of motor vehicles	01.04	39,497.58
Sale of scientific developments and patents	01.05	2,349,328.43
Sale of project paperwork	01.06	0.00
Profit from renting out facilities owned by the company property	01.07	0.00
Receiving dividends from facility investments	01.08	0.00
Sale of art treasures	01.09	0.00
Interest income on bank accounts	01.10	0.00
Receiving dividends from third- party investment companies	01.11	0.00
Other income	01.12	307,365.46
Other expenses	01.13	-95,598.37
Depreciation of facilities in the course of production activities	01.14	-54,493.06
Total: increase the "+" or decrease the "-" in the property value (lines 01+01.01+01.02+01.03+01.04+01.05+01.06+01.07+01.08+01.09)	01.15	9,738,492.71



**COST INCREASE (DECREASE) REPORT**

**PROPERTY OWNED BY AN INTERNATIONAL INDUSTRIAL HOLDING COMPANY**

**Section 1: Parameters of the report on the increase (decrease) in the value of the property**

<i>The reporting period</i>	<i>The code of the currency in which the value of net assets is determined</i>
<b>1</b>	<b>2</b>
May 2017	USD

**Section 2: Parameters of the report on the increase (decrease) in the value of the property**

<i>The name of the indicator</i>	<i>Line code</i>	<i>The value of the indicator for the reporting period</i>
<b>1</b>	<b>2</b>	<b>3</b>
An increase in the "+" (decrease in the "-") value of property as a result of transactions with property - total	01	6,246,280.45
Including as a result of transactions :		
Sale of land plots	01.01	2,001,348.44
Sale of enterprises and production facilities	01.02	189,294.37
Sale of industrial facilities	01.03	439,302.33
Sale of motor vehicles	01.04	-44,391.09
Sale of scientific developments and patents	01.05	1,249,475.48
Sale of project paperwork	01.06	0.00
Profit from renting out facilities owned by the company property	01.07	0.00
Receiving dividends from facility	01.08	0.00
Sale of art treasures	01.09	0.00
Interest income on bank accounts	01.10	0.00
Receiving dividends from third-party investment companies	01.11	0.00
Other income	01.12	3,349,032.38
Other expenses	01.13	-348,439.41
Depreciation of facilities in the course of production activities	01.14	-589,342.05
Total: increase "+" or decrease "-" in the value of the property (lines 01+01.01+01.02+01.03+01.04+01.05+01.06+01.07+01.08+01.09)	01.15	6,246,280.45





**COST INCREASE (DECREASE) REPORT**

**PROPERTY OWNED BY AN INTERNATIONAL INDUSTRIAL HOLDING COMPANY**

**Section 1: Parameters of the report on the increase (decrease) in the value of the property**

<i>The reporting period</i>	<i>The code of the currency in which the value of net assets is determined</i>
<b>1</b>	<b>2</b>
June 2017	USD

**Section 2: Parameters of the report on the increase (decrease) in the value of the property**

<i>The name of the indicator</i>	<i>Line code</i>	<i>The value of the indicator for the reporting period</i>
<b>1</b>	<b>2</b>	<b>3</b>
An increase in the "+" (decrease in the "-") value of property as a result of transactions with property - total	01	-451,179.45
Including as a result of transactions :		
Sale of land plots	01.01	-483,583.59
Sale of enterprises and production facilities	01.02	-1,294,483.29
Sale of industrial facilities	01.03	2,384,391.09
Sale of motor vehicles	01.04	478,439.05
Sale of scientific developments and patents	01.05	-586,392.59
Sale of project paperwork	01.06	0.00
Profit from renting out facilities owned by the company property	01.07	0.00
Receiving dividends from facility investments	01.08	0.00
Sale of art treasures	01.09	0.00
Interest income on bank accounts	01.10	0.00
Receiving dividends from	01.11	0.00
Other income	01.12	1,243,438.38
Other expenses	01.13	-1,439,548.67
Depreciation of facilities in the course of production activities	01.14	-753,439.83
Total: increase "+" or decrease "-" in the value of the property (lines 01+01.01+01.02+01.03+01.04+01.05+01.06+01.07+01.08+01.09)	01.15	-451,179.45



## COST INCREASE (DECREASE) REPORT

### PROPERTY OWNED BY AN INTERNATIONAL INDUSTRIAL HOLDING COMPANY

#### Section 1: Parameters of the report on the increase (decrease) in the value of the property

<i>The reporting period</i>	<i>The code of the currency in which the value of net assets is determined</i>
<b>1</b>	<b>2</b>
July 2017	USD

#### Section 2: Parameters of the report on the increase (decrease) in the value of the property

<i>The name of the indicator</i>	<i>Line code</i>	<i>The value of the indicator for the reporting period</i>
<b>1</b>	<b>2</b>	<b>3</b>
An increase in the "+" (decrease in the "-") value of property as a result of transactions with property - total	01	14,061,23
Including as a result of transactions :		
Sale of land plots	01.01	1,395,302.49
Sale of enterprises and production facilities	01.02	903,394.37
Sale of industrial facilities	01.03	4,593,089.78
Sale of motor vehicles	01.04	10,439.38
Sale of scientific developments and patents	01.05	6,398,390.24
Sale of project paperwork	01.06	0.00
Profit from renting out facilities owned by the company property	01.07	0.00
Receiving dividends from facility investments	01.08	0.00
Sale of art treasures	01.09	0.00
Interest income on bank accounts	01.10	0.00
Receiving dividends from third- party investment companies	01.11	0.00
Other income	01.12	1,483,492.29
Other expenses	01.13	-238,439.98
Depreciation of facilities in the course of production activities	01.14	-484,429.54
Total: increase "+" or decrease "-" in the value of the property (lines 01+01.01+01.02+01.03+01.04+01.05+01.06+01.07+01.08 +01.09)	01.15	14,061,23





**COST INCREASE (DECREASE) REPORT**

**PROPERTY OWNED BY AN INTERNATIONAL INDUSTRIAL HOLDING COMPANY**

**Section 1: Parameters of the report on the increase (decrease) in the value of the property**

<i>The reporting period</i>	<i>The code of the currency in which the value of net assets is determined</i>
<b>1</b>	<b>2</b>
August 2017	USD

**Section 2: Parameters of the report on the increase (decrease) in the value of the property**

<i>The name of the indicator</i>	<i>Line code</i>	<i>The value of the indicator for the reporting period</i>
<b>1</b>	<b>2</b>	<b>3</b>
An increase in the "+" (decrease in the "-") value of property as a result of transactions with property - total	01	22,989,505.6
Including as a result of transactions :		
Sale of land plots	01.01	385,449.48
Sale of enterprises and production facilities	01.02	2,384,309.74
Sale of industrial facilities	01.03	12,049,316.49
Sale of motor vehicles	01.04	23,393.16
Sale of scientific developments and patents	01.05	7,493,420.65
Sale of project paperwork	01.06	0.00
Profit from renting out facilities owned by the company property	01.07	0.00
Receiving dividends from facility investments	01.08	0.00
Sale of art treasures	01.09	0.00
Interest income on bank accounts	01.10	0.00
Receiving dividends from third- party investment companies	01.11	0.00
Other income	01.12	1,249,348.94
Other expenses	01.13	-248,439.43
Depreciation of facilities in the course of production activities	01.14	-347,293.39
<b>Total: increase the "+" or decrease the "-" in the property value (lines 01+01.01+01.02+01.03+01.04+01.05+01.06+01.07+01.08+01.09)</b>	<b>01.15</b>	<b>22,989,505.6</b>



## COST INCREASE (DECREASE) REPORT

### PROPERTY OWNED BY AN INTERNATIONAL INDUSTRIAL HOLDING COMPANY

#### Section 1: Parameters of the report on the increase (decrease) in the value of the property

<i>The reporting period</i>	<i>The code of the currency in which the value of net assets is determined</i>
<b>1</b>	<b>2</b>
September 2017	USD

#### Section 2: Parameters of the report on the increase (decrease) in the value of the property

<i>The name of the indicator</i>	<i>Line code</i>	<i>The value of the indicator for the reporting period</i>
<b>1</b>	<b>2</b>	<b>3</b>
An increase in the "+" (decrease in the "-") value of property as a result of transactions with property - total	01	5,773,838.71
Including as a result of transactions :		
Sale of land plots	01.01	2,234,481.39
Sale of enterprises and production facilities	01.02	1,924,029.13
Sale of industrial facilities	01.03	-238,402.62
Sale of motor vehicles	01.04	21,317.03
Sale of scientific developments and patents	01.05	372,934.98
Sale of project paperwork	01.06	0.00
Profit from renting out facilities owned by the company property	01.07	0.00
Receiving dividends from facility investments	01.08	0.00
Sale of art treasures	01.09	0.00
Interest income on bank accounts	01.10	0.00
Receiving dividends from third- party investment companies	01.11	0.00
Other income	01.12	1,473,349.03
Other expenses	01.13	-12,430.49
Depreciation of facilities in the course of production activities	01.14	-1,439.74
<b>Total: increase the "+" or decrease the "-" in the property value (lines 01+01.01+01.02+01.03+01.04+01.05+01.06+01.07+01.08 +01.09)</b>	<b>01.15</b>	<b>5,773,838.71</b>





COST INCREASE (DECREASE) REPORT

PROPERTY OWNED BY AN INTERNATIONAL INDUSTRIAL HOLDING COMPANY

Section 1: Parameters of the report on the increase (decrease) in the value of the property

<i>The reporting period</i>	<i>The code of the currency in which the value of net assets is determined</i>
<b>1</b>	<b>2</b>
October 2017	USD

Section 2: Parameters of the report on the increase (decrease) in the value of the property

<i>The name of the indicator</i>	<i>Line code</i>	<i>The value of the indicator for the reporting period</i>
<b>1</b>	<b>2</b>	<b>3</b>
An increase in the "+" (decrease in the "-") value of the property in as a result of transactions with facilities - total	01	3,709,069.34
<i>Including as a result of transactions :</i>		
Sale of land plots	01.01	743,832.47
Sale of enterprises and production facilities	01.02	2,403,038.82
Sale of industrial facilities	01.03	388,583.34
Sale of motor vehicles	01.04	11,302.39
Sale of scientific developments and patents	01.05	-483,376.25
Sale of project paperwork	01.06	0.00
Profit from renting out facilities owned by the company property	01.07	0.00
Receiving dividends from facility investments	01.08	0.00
Sale of art treasures	01.09	0.00
Interest income on bank accounts	01.10	0.00
Receiving dividends from third- party investment companies	01.11	0.00
Other income	01.12	1,239,427.09
Other expenses	01.13	-583,342.49
Depreciation of facilities in the course of production activities	01.14	-10,396.03
Total: increase "+" or decrease "-" in the value of the property (lines 01+01.01+01.02+01.03+01.04+01.05+01.06+01.07+01.08+01.09)	01.15	3,709,069.34



## COST INCREASE (DECREASE) REPORT

### PROPERTY OWNED BY AN INTERNATIONAL INDUSTRIAL HOLDING COMPANY

#### Section 1: Parameters of the report on the increase (decrease) in the value of the property

<i>The reporting period</i>	<i>The code of the currency in which the value of net assets is determined</i>
<b>1</b>	<b>2</b>
November 2017	USD

#### Section 2: Parameters of the report on the increase (decrease) in the value of the property

<i>The name of the indicator</i>	<i>Line code</i>	<i>The value of the indicator for the reporting period</i>
<b>1</b>	<b>2</b>	<b>3</b>
An increase in the "+" (decrease in the "-") value of the property in as a result of transactions with facilities - total	01	10,072,629.5
Including as a result of transactions :		
Sale of land plots	01.01	4,302,693.54
Sale of enterprises and production facilities	01.02	1,249,530.03
Sale of industrial facilities	01.03	949,472.34
Sale of motor vehicles	01.04	-43,401.93
Sale of scientific developments and patents	01.05	920,407.29
Sale of project paperwork	01.06	0.00
Profit from renting out facilities owned by the company property	01.07	0.00
Receiving dividends from facility investments	01.08	0.00
Sale of art treasures	01.09	0.00
Interest income on bank accounts	01.10	0.00
Receiving dividends from third- party investment companies	01.11	0.00
Other income	01.12	1,769,496.97
Other expenses	01.13	-493,455.02
Depreciation of facilities in the course of production activities	01.14	924,431.28
Total: increase "+" or decrease "-" in the value of the property (lines 01+01.01+01.02+01.03+01.04 +01.05+01.06+01.07+01.08+01.09)	01.15	10,072,629.5



## COST INCREASE (DECREASE) REPORT

### PROPERTY OWNED BY AN INTERNATIONAL INDUSTRIAL HOLDING COMPANY

#### Section 1: Parameters of the report on the increase (decrease) in the value of the property

<i>The reporting period</i>	<i>The code of the currency in which the value of net assets is determined</i>
<b>1</b>	<b>2</b>
December 2017	USD

#### Section 2: Parameters of the report on the increase (decrease) in the value of the property

<i>The name of the indicator</i>	<i>Line code</i>	<i>The value of the indicator for the reporting period</i>
<b>1</b>	<b>2</b>	<b>3</b>
An increase in the "+" (decrease in the "-") value of property as a result of transactions with property - total	01	12,018,133.2
Including as a result of transactions :		
Sale of land plots	01.01	3,943,482.03
Sale of enterprises and production facilities	01.02	243,491.76
Sale of industrial facilities	01.03	5,482,743.56
Sale of motor vehicles	01.04	11,249.40
Sale of scientific developments and patents	01.05	-104,439.39
Sale of project paperwork	01.06	0.00
Profit from renting out facilities owned by the company property	01.07	0.00
Receiving dividends from facility investments	01.08	0.00
Sale of art treasures	01.09	0.00
Interest income on bank accounts	01.10	0.00
Receiving dividends from third- party investment companies	01.11	0.00
Other income	01.12	2,496,593.58
Other expenses	01.13	-32,395.05
Depreciation of facilities in the course of production activities	01.14	-22,592.67
<b>Total: increase "+" or decrease "-" in the value of the property (lines 01+01.01+01.01+01.02+01.03+01.04+01.05+01.06+01.07+ 01.08 +01.09)</b>	<b>01.15</b>	<b>12,018,133.2</b>





Explanatory note to the annual financial statements of DEL MAR ENERGY INC for 2017, an industrial holding company.

Statements regarding the property constituting DEL MAR ENERGY is an International Industrial Holding Company and transactions with such property were prepared in accordance with the requirements of the Investment Companies Act of 1940, FORM 10-K, "2a-7 of the Investment Companies Act", including the procedure for calculating the average annual net asset value of an international industrial holding company the company's estimated value investment assets of an industrial holding, the value of property transferred to pay for investment obligations (hereinafter referred to as the American rules).

CEO Michael Latham

