

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended **December 31, 2017**

TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: **000-55539**

PARK PLACE ENERGY INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

47-4488552

(IRS Employer
Identification No.)

**Suite 700, 838 West Hastings Street, Vancouver
British Columbia, Canada**

(Address of principal executive offices)

V6C 0A6

(Zip Code)

(214) 220-4340

(Registrant's telephone number, including area code)

Securities registered under Section 12(b) of the Exchange Act: **None**

Securities registered under Section 12(g) of the Exchange Act:

Common Stock, par value \$0.00001 per share

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act.

Yes No

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark if disclosure of delinquent filers in response to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(do not check if a smaller reporting company)

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The aggregate market value of the registrant's stock held by non-affiliates of the registrant as of June 30, 2018, computed by reference to the price at which such stock was last sold on the OTC Bulletin Board (\$0.14) on that date, was approximately \$8,873,721. For purposes of this computation, all officers, directors and 10% beneficial owners of the registrant are deemed to be affiliates. Such determination should not be deemed an admission that such officers, directors or 10% beneficial owners are, in fact, affiliates of the registrant.

The registrant had 70,663,904 shares of common stock outstanding as of August 6, 2018.

**PARK PLACE ENERGY INC.
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Forward-Looking Statements

Certain statements in this Annual Report on Form 10-K constitute “forward-looking statements” within the meaning of applicable U.S. securities legislation. Additionally, forward-looking statements may be made orally or in press releases, conferences, reports, on our website or otherwise, in the future, by us or on our behalf. Such statements are generally identifiable by the terminology used such as “plans,” “expects,” “estimates,” “budgets,” “intends,” “anticipates,” “believes,” “projects,” “indicates,” “targets,” “objective,” “could,” “should,” “may” or other similar words.

By their very nature, forward-looking statements require us to make assumptions that may not materialize or that may not be accurate. Forward-looking statements are subject to known and unknown risks and uncertainties and other factors that may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements, including the factors discussed under Item 1A. Risk Factors in this Annual Report on Form 10-K. Such factors include, but are not limited to, the following: fluctuations in and volatility of the market prices for oil and natural gas products; the ability to produce and transport oil and natural gas; the results of exploration and development drilling and related activities; global economic conditions, particularly in the countries in which we carry on business, especially economic slowdowns; actions by governmental authorities including increases in taxes, legislative and regulatory initiatives related to fracture stimulation activities, changes in environmental and other regulations, and renegotiations of contracts; political uncertainty, including actions by insurgent groups or other conflicts; the negotiation and closing of material contracts; future capital requirements and the availability of financing; estimates and economic assumptions used in connection with our acquisitions; risks associated with drilling, operating and decommissioning wells; actions of third-party co-owners of interests in properties in which we also own an interest; our ability to effectively integrate companies and properties that we acquire; our limited operating history; our history of operating losses; our lack of insurance coverage; and the other factors discussed in other documents that we file with or furnish to the U.S. Securities and Exchange Commission (the “SEC” or the “Commission”). The impact of any one factor on a particular forward-looking statement is not determinable with certainty as such factors are interdependent upon other factors and our course of action would depend upon our assessment of the future, considering all information then available. In that regard, any statements as to: future oil or natural gas production levels; capital expenditures; the allocation of capital expenditures to exploration and development activities; sources of funding for our capital expenditure programs; drilling of new wells; demand for oil and natural gas products; expenditures and allowances relating to environmental matters; dates by which certain areas will be developed or will come on-stream; expected finding and development costs; future production rates; ultimate recoverability of reserves, including the ability to convert probable and possible reserves to proved reserves; dates by which transactions are expected to close; future cash flows, uses of cash flows, collectability of receivables and availability of trade credit; expected operating costs; changes in any of the foregoing and other statements using forward-looking terminology are forward-looking statements, and there can be no assurance that the expectations conveyed by such forward-looking statements will, in fact, be realized.

Although we believe that the expectations conveyed by the forward-looking statements are reasonable based on information available to us on the date such forward-looking statements were made, no assurances can be given as to future results, levels of activity, achievements or financial condition.

Readers should not place undue reliance on any forward-looking statement and should recognize that the statements are predictions of future results that may not occur as anticipated. Actual results could differ materially from those anticipated in the forward-looking statements and from historical results due to the risks and uncertainties described above, as well as others not now anticipated. The foregoing statements are not exclusive and further information concerning us, including factors that potentially could materially affect our financial results, may emerge from time to time. We do not intend to update forward-looking statements to reflect actual results or changes in factors or assumptions affecting such forward-looking statements.

PART I

ITEM 1. BUSINESS

Name and Organization

Park Place Energy Inc. and its consolidated subsidiaries, (“Park Place”, “Company”, “we” or “our”) is headquartered out of Vancouver with operations based primarily from Turkey at Turan Gunes Bulvari, Park Oran Ofis Plaza, 180-y, Daire:54, Kat:16, 06450, Oran, Cankaya, Ankara, Turkey. The Company also has registered offices in Canada and Bulgaria. Park Place was incorporated in Delaware in 2015.

General

Park Place Energy Inc. is focused on expanding its portfolio of projects in Southeast Europe, Turkey and countries in the immediate vicinity. The Company’s concentration is on recently acquired oil and gas producing assets in Turkey and a coal bed methane exploration license in Bulgaria.

Turkey

On January 18, 2017, the Company completed the acquisition of three oil and gas exploration and production companies operating in Turkey (the “Tiway Companies”). The purchase price for the acquisition of the Tiway Companies from Tiway Oil B.V. was \$2.1 million. As a result of the acquisition of the Tiway Companies, Park Place now owns interests in three producing oil and gas fields in Turkey, one of which is offshore and the other two are onshore. We have changed the name of the Tiway Companies to include Park Place in the name so hereinafter we will refer to them as the “PPE Turkey Companies”.

At December 31, 2017, net production to the PPE Turkey Companies from such fields was 280 barrels of oil equivalent per day or Boe/d; and for the year 2017, net production to the PPE Turkey Companies averaged 390Boe/d. In addition, at the time of completion of the acquisition, the PPE Turkey Companies had about US\$745,000 in available cash. Due to the acquisition of the PPE Turkey Companies, the Company is now a qualified oil and gas operator in Turkey based in Ankara. With this base of operations in Turkey and its experienced management team, Park Place is poised to exploit these assets and for further growth in the region.

The primary asset of the PPE Turkey Companies is the Cendere onshore oil field license as well as the offshore production licenses called the South Akcakoca Sub-Basin (“SASB”). The Company owns a 19.6% interest in the Cendere oil field license. The Company now owns a 49% working interest in SASB, 12.5% which was obtained after year-end. During the year ending December 31, 2017, the Company owned a 36.5% interest.

The Cendere oil field is a long term low decline oil reserve.

SASB has four producing fields, each with a production platform plus subsea pipelines that connect the fields to an onshore gas plant. The SASB fields are located off the north coast of Turkey towards the western end of the Black Sea in water depths ranging from 60 to100 meters. Gas is produced from Eocene age sandstone reservoirs at subsea depths ranging from 1100 to1800 meters. The three nearer shore gas fields of Ayazli (discovered in 2004), Dogu Ayazli (discovered 2005) and Akkaya (discovered in 2006) were included in an initial phase of development with first gas production in 2007. The deeper water Akcakoca field (discovered in 2006) was developed later with first gas production in 2011. All the fields are developed using unmanned well head platforms/tripods tied back via an 18 kilometre (“km”) 12-inch pipeline to shared processing and compression facilities onshore at Cayagzi gas plant. The gas plant at Cayagzi is capable of processing up to 75 million cubic feet of gas per day. Sales gas is exported via an 18.6 km long 16-inch onshore pipeline, which ties into the main national gas transmission network operated by BOTAS. Historically, gas has been produced at rates of as high as 30 MMcf/d from SASB; total gross production to date from the four fields is in excess of 40 Bcf. The production license for SASB is covered by a modern 223 square kilometre 3D survey. There are five additional gas discoveries in SASB that have not yet been developed. Also, there are several additional prospects defined by 3D seismic data.

At December 31, 2016, the gross oil production rate for the producing wells in Cendre was 675 MMbbls ; the average daily 2017 gross production rate for the field was 715 bbls . At the end of June 2018, oil is currently sold at a price of approximately US\$ 71 per barrel for a netback per barrel of approximately US\$38. At year-end 2017, the Cendere field was producing 669 barrels of oil per day, net to the PPE Turkey Companies; and averaged 118 barrels per day during 2017 net to the PPE Turkey Companies.

At December 31, 2017, the gross gas production rate for the ten producing wells in SASB was 1.4 MMcfd; the average daily 2017 gross production rate for the field was 2.45 MMcfd. At the end of February 2018, gas is currently sold at a price of approximately US\$5.20 per Mcf for a netback per Mcf of approximately US\$ 4.60.

The Company has identified a number of proved undeveloped locations that can be drilled from the four existing production platforms. The Company envisions the next stage of development in 2018 will include the drilling of additional wells to materially increase the volumes of gas produced through the existing infrastructure.

With the acquisition of the PPE Turkey Companies, Park Place also acquired another oil and gas asset, a 50% operated interest in the Bakuk gas field located near the Syrian border. The Bakuk field is shut-in with no plans to revive production in the near term.

Funds for the acquisition were raised through a combination of private placements and loans. From a private placement that closed in January 2017, along with an earlier placement that closed in early 2016, where the Company raised just over \$1.4 million. The remainder of needed funds was obtained through loans. The private placement that closed concurrent with closing of this acquisition raised \$1,015,000. We sold units at \$0.20 per unit which consisted of one common share and one share warrant at \$0.40 exercisable on or before January 17, 2018.

Bulgaria License

In October of 2010, the Company was awarded an exploration permit for the “Vranino 1-11 Block”, a 98,205 acre oil and gas exploration land located in Dobrudja Basin, Bulgaria, by the Bulgarian Counsel of Ministers. On April 1, 2014, the Company entered into an Agreement for Crude Oil and Natural Gas Prospecting and Exploration in the Vranino 1-11 Block with the Ministry of Economy and Energy of Bulgaria (the “License Agreement”). The initial term of the License Agreement is five years. This five-year period will commence once the Bulgarian regulatory authorities approve of the Company’s work programs for the permit area. The License Agreement (or applicable legislation) provides for possible extension periods for up to five additional years during the exploration phase, as well as the conversion of the License Agreement to an exploitation concession, which can last for up to 35 years. Under the License Agreement, the Company will submit a yearly work program that is subject to approval of the Bulgarian regulatory authorities.

The Company’s commitment is to perform geological and geophysical exploration activities in the first 3 years of the initial term (the “Exploration and Geophysical Work Stage”), followed by drilling activities in years 4 and 5 of the initial term (the “Data Evaluation and Drilling Stage”). The Company is required to drill 10,000 meters (approximately 32,800 feet) of new wellbore (which may be vertical, horizontal or diagonal) and conduct other exploration activities during the initial term.

Pursuant to the License Agreement, the Company is obligated to incur minimum costs during the initial term as follows:

- (i) \$925,000 for the Exploration and Geophysical Work Stage; and
- (ii) \$3,675,000 for the Data Evaluation and Drilling Stage.

In addition, during the term of the License Agreement, the Company is obligated to pay an annual land rental fee of 15,897 BGN (US \$8,584 based on the exchange rate of .54 Lev to Dollar as of March 7, 2017). The Company is permitted to commence limited production during the initial term of the License Agreement. Upon confirmation of a commercial discovery, the Company is entitled to convert the productive area of the license to an exploitation concession that may last for up to 35 years provided that the minimum work commitments are satisfied.

Before the license for the Bulgarian CBM project is “effective”, the Company’s overall work program and first year annual work program must be approved by both the Bulgarian environmental ministry and the energy ministry. On August 26, 2014, the Bulgarian environmental agency approved the Company’s overall work program and first year annual work program. A number of parties appealed the decision of the environmental agency and an appeal proceeding was commenced before a three judge administrative panel. The three judge panel issued a decision on February 3, 2017 in which it ruled that the environmental agency had failed to follow its own regulations in approving the Company’s work programs. Both the environmental agency and the Company have appealed the decision to a five-judge panel whose decision will be final. A final decision was issued in favor of Park Place during 2017.

The Company has suspended its data gathering, evaluation and planning, pending outcome of the above described proceedings. It has acquired the land for one future well site and has completed an environmental baseline survey of the license area.

Patents and Trademarks

We do not own, either legally or beneficially, any patent or trademark.

Research and Development Expenditures

We have not incurred any research or development expenditures since our incorporation.

Government Regulation

Our current or future operations, including exploration and development activities on our properties, require permits from various governmental authorities, and such operations are and will be governed by laws and regulations of the jurisdiction in which we are conducting business. These laws and regulations concern exploration, development, production, exports, taxes, labor laws and standards, occupational health, waste disposal, toxic substances, land use, environmental protection and other matters. Compliance with these requirements may prove to be difficult and expensive. Due to our international operations, we are subject to the following issues and uncertainties that can affect our operations adversely:

- the risk of expropriation, nationalization, war, revolution, political instability, border disputes, renegotiation or modification of existing contracts, and import, export and transportation regulations and tariffs;
- laws of foreign governments affecting our ability to fracture stimulate oil or natural gas wells, such as the legislation enacted in Bulgaria in January 2012, discussed in greater detail below;
- the risk of not being able to procure residency and work permits for our expatriate personnel;
- taxation policies, including royalty and tax increases and retroactive tax claims;
- exchange controls, currency fluctuations and other uncertainties arising out of foreign government sovereignty over international operations;
- laws and policies of the United States affecting foreign trade, taxation and investment;
- the possibility of being subjected to the exclusive jurisdiction of foreign courts in connection with legal disputes and the possible inability to subject foreign persons to the jurisdiction of courts in the United States; and
- the possibility of restrictions on repatriation of earnings or capital from foreign countries.

Permits and Licenses. In order to carry out exploration and development of oil and natural gas interests or to place these interests into commercial production, we may require certain licenses and permits from various governmental authorities. There can be no guarantee that we will be able to obtain all necessary licenses and permits that may be required. In addition, such licenses and permits are subject to change and there can be no assurances that any application to renew any existing licenses or permits will be approved.

Repatriation of Earnings. Currently, there are no restrictions on the repatriation of earnings or capital to foreign entities from Bulgaria. In Turkey, funds which are invested in the Turkish entities and which are registered with the Turkish authorities may be repatriated without tax. There is a 10% tax on dividends on profits which are transferred out of Turkey. However, there can be no assurance that any such restrictions on repatriation of earnings or capital from the aforementioned countries or any other country where we may invest will not be imposed, changed or increased in the future.

Environmental. The oil and natural gas industry is subject to extensive environmental regulations. Environmental regulations establish standards respecting health, safety and environmental matters and place restrictions and prohibitions on emissions of various substances produced concurrently with oil and natural gas. The regulatory requirements cover the handling and disposal of drilling and production waste products and waste created by water and air pollution control procedures. These regulations may have an impact on the selection of drilling locations and facilities, potentially resulting in increased capital expenditures. In addition, environmental legislation may require those wells and production facilities to be abandoned and sites reclaimed to the satisfaction of local authorities. Such regulation has increased the cost of planning, designing, drilling, operating and, in some instances, abandoning wells. We are committed to complying with environmental and operation legislation wherever we operate.

There has been a recent surge in interest among the media, government regulators and private citizens concerning the possible negative environmental and geological effects of fracture stimulation. Some have alleged that fracture stimulation results in the contamination of aquifers and may even contribute to seismic activity. In January 2012, the government of Bulgaria enacted legislation that banned the fracture stimulation of oil and natural gas wells in Bulgaria and imposed large monetary penalties on companies that violate that ban. Such legislation or regulations could impact our ability to drill and complete wells, and could increase the cost of planning, designing, drilling, completing and operating wells. We are committed to complying with legislation and regulations involving fracture stimulation wherever we operate.

Such laws and regulations not only expose us to liability for our own negligence but may also expose us to liability for the conduct of others or for our actions that were in compliance with all applicable laws at the time those actions were taken. We may incur significant costs as a result of environmental accidents, such as oil spills, natural gas leaks, ruptures, or discharges of hazardous materials into the environment, including clean-up costs and fines or penalties. Additionally, we may incur significant costs in order to comply with environmental laws and regulations and may be forced to pay fines or penalties if we do not comply.

Competition

Bulgaria imports nearly all of their natural gas requirements. Turkey imports a substantial quantity of same. Both countries encourage domestic production as a way to reduce imports and increase energy security. In Turkey, natural gas is imported from a number of countries so there is a vibrant market for natural gas produced in the country. In Bulgaria, currently one company, Gazprom, supplies Bulgaria with virtually all of its natural gas being marketed and consumed in Bulgaria through a pipeline that runs through Ukraine from Russia. On a regional level, we compete for license blocks and capital with other oil and gas exploration companies and independent producers who are actively seeking oil and natural gas properties throughout the world, but in particular, in Southeast Europe, Turkey and countries in the immediate vicinity.

The principal area of competition is encountered in the financial ability of our Company to acquire acreage positions and drill wells to explore for oil and natural gas, then, if warranted, install production equipment. Competition for the acquisition of oil and gas license areas is high in Europe. Therefore, we may or may not be successful in acquiring additional blocks in the face of this competition. Presently, we are not seeking additional license blocks.

From a general standpoint, we operate in the highly competitive areas of oil and natural gas exploration, development, production and acquisition with a substantial number of other companies, including U.S.-based and international companies doing business in each of the countries in which we operate. We face intense competition from independent, technology-driven companies as well as from both major and other independent oil and natural gas companies in each of the following areas:

- seeking oil and natural gas exploration licenses and production licenses and leases;
- acquiring desirable producing properties or new leases for future exploration;
- marketing oil and natural gas production;
- integrating new technologies; and
- contracting for drilling services and equipment and securing the expertise necessary to develop and operate properties.

Many of our competitors have substantially greater financial, managerial, technological and other resources than we do. To the extent competitors are able to pay more for properties than we are paying, we will be at a competitive disadvantage. Further, many of our competitors enjoy technological advantages over us and may be able to implement new technologies more rapidly than we can. Our ability to explore for and produce oil and natural gas prospects and to acquire additional properties in the future will depend upon our ability to successfully conduct operations, implement advanced technologies, evaluate and select suitable properties and consummate transactions in this highly competitive environment.

Employees, Officers and Directors

As of December 31, 2017, the Company has 10 employees in Turkey, and three in North America. As of December 31, 2017, our business is generally conducted through our officers and directors and through consultants of the Company. A description of officers and directors can be found in Item 10.

Where You Can Find More Information

Statements contained in this Annual Report as to the contents of any contract, agreement or other document referred to include those terms of such documents that we believe are material. Whenever a reference is made in this Annual Report to any contract or other document of ours, you should refer to the exhibits that are a part of the Annual Report for a copy of the contract or document.

You may read and copy all or any portion of the Annual Report or any other information that we file at the SEC's public reference room at 100 F Street, NE, Washington, DC 20549. You can request copies of these documents, upon payment of a duplicating fee, by writing to the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference room. Our SEC filings, including the Annual Report, are also available to you on the SEC's website at www.sec.gov. For SEC filings for the period prior to November 13, 2015, documents will be found under Park Place Energy Corp. (Commission File No. 000-51712), and for SEC filings for the period on or after November 13, 2015, documents will be found under Park Place Energy Inc. (Commission File No. 000-55539).

Our Website

Our website can be found at www.parkplaceenergy.com. Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed with or furnished to the SEC, pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 ("Exchange Act"), can be accessed free of charge by linking directly from our website under the "Investors" – see SEC Filings" caption to the SEC's Edgar Database.

ITEM 1A. RISK FACTORS

Risks Related to Our Business and the Oil and Gas Industry

We have a history of losses and may not achieve consistent profitability in the future.

We have incurred losses in prior years. We will need to generate and sustain increased revenue levels in future periods in order to become consistently profitable, and even if we do, we may not be able to maintain or increase our level of profitability. We may incur losses in the future for a number of reasons, including risks described herein, unforeseen expenses, difficulties, complications and delays, and other unknown risks.

Our exploration, development and production activities may not be profitable or achieve our expected returns.

The future performance of our business will depend upon our ability to develop oil and natural gas reserves that are economically recoverable. Success will depend upon our ability to develop prospects from which oil and natural gas reserves are ultimately discovered in commercial quantities. Without successful exploration activities, we will not be able to develop oil and natural gas reserves or generate revenues. There are no assurances that oil and natural gas reserves will be discovered in sufficient quantities to enable us to recover our exploration and development costs or sustain our business.

The successful development of oil and natural gas properties requires an assessment of recoverable reserves, future oil and natural gas prices and operating costs, potential environmental and other liabilities, and other factors. Such assessments are inherently uncertain. In addition, no assurance can be given that our exploration and development activities will result in the discovery of reserves. Operations may be curtailed, delayed or canceled as a result of lack of adequate capital and other factors, such as lack of availability of rigs and other equipment, title problems, weather, compliance with governmental regulations or price controls, mechanical difficulties, or unusual or unexpected formations, pressures and/or work interruptions. In addition, the costs of exploration and development may materially exceed our internal estimates.

We may be unable to acquire or develop additional reserves, which would reduce our cash flow and income.

In general, production from oil and natural gas properties declines over time as reserves are depleted, with the rate of decline depending on reservoir characteristics. If we are not successful in our exploration and development activities or in acquiring properties containing reserves, our reserves will generally decline as reserves are produced. Our oil and natural gas production will be highly dependent upon our ability to economically find, develop or acquire reserves in commercial quantities.

Our future oil and natural gas reserves, production, and cash flows, if any, are highly dependent upon us successfully exploiting known gas resources and proving reserves. A future increase in our reserves will depend not only on our ability to flow economic rates of natural gas and potentially develop the reserves we may have from time to time, but also on our ability to select and acquire suitable producing properties or prospects and technologies for exploitation. There are no absolute guarantees that our future efforts will result in the economic development of natural gas.

To the extent cash flow from operations is reduced, either by a decrease in prevailing prices for oil and natural gas or an increase in finding and development costs, and external sources of capital become limited or unavailable, our ability to make the necessary capital investment to maintain or expand our asset base of oil and natural gas reserves would be impaired. Even with sufficient available capital, our future exploration and development activities may not result in additional reserves, and we might not be able to drill productive wells at acceptable costs.

The development of prospective resources is uncertain. In addition, there are no assurances that our resources will be converted to proved reserves.

At December 31, 2017, all of our Bulgarian oil and gas resources are classified as prospective resources. There is significant uncertainty attached to prospective resource estimates. The discovery, determination and exploitation of such resources require significant capital expenditures and successful drilling and exploration programs. We may not be able to raise the additional capital that we need to develop these resources. There is no certainty that we will be able to convert prospective resources into proved reserves or that these resources will be economically viable or technically feasible to produce.

The establishment of proved reserves is subjective and subject to many uncertainties.

In general, estimates of recoverable natural resources are based upon a number of factors and assumptions made as of the date on which the resource estimates were determined, such as geological and engineering estimates, which have inherent uncertainties, and the assumed effects of regulation by governmental agencies and estimates of future commodity prices and operating costs, all of which may vary considerably from actual results. All such estimates are, to some degree, uncertain and classifications of resources are only attempts to define the degree of uncertainty involved. For these reasons, estimates of the recoverable natural resources, the classification of such resources based on risk of recovery, prepared by different engineers or by the same engineers at different times, may vary substantially.

We could lose permits or licenses on certain of our properties unless the permits or licenses are extended or we commence production and convert the permits or licenses to production leases or concessions.

Our Turkey producing properties are held in the form of production leases. Initially, our Bulgarian property will be held in the form of a license agreement. Future properties may be held in the form of permits, leases and/or license agreements that contain expiration dates and specific requirements and stipulations. If our permits or licenses expire, we will lose our right to explore and develop the related properties. If we fail to meet specific requirements of the permits, leases and/or license agreements, we may be in breach and may lose our rights or be liable for damages. Our drilling plans for these areas are subject to change based upon various factors, including factors that are beyond our control. Such factors include drilling results, oil and natural gas prices, the availability and cost of capital, drilling and production costs, availability of drilling services and equipment, gathering system and pipeline transportation constraints, and regulatory approvals.

We are subject to political, economic and other risks and uncertainties in the foreign countries in which we operate.

Any international operations performed may expose us to greater risks than those associated with more developed markets. Due to our foreign operations, we are subject to the following issues and uncertainties that can adversely affect our operations in Bulgaria or other countries in which we may operate properties in the future:

- the risk of, and disruptions due to, expropriation, nationalization, war, revolution, election outcomes, economic instability, political instability, or border disputes;
- the uncertainty of local contractual terms, renegotiation or modification of existing contracts and enforcement of contractual terms in disputes before local courts;
- the risk of import, export and transportation regulations and tariffs, including boycotts and embargoes;
- the risk of not being able to procure residency and work permits for our expatriate personnel;
- the requirements or regulations imposed by local governments upon local suppliers or subcontractors, or being imposed in an unexpected and rapid manner;
- taxation and revenue policies, including royalty and tax increases, retroactive tax claims and the imposition of unexpected taxes or other payments on revenues;
- exchange controls, currency fluctuations and other uncertainties arising out of foreign government sovereignty over foreign operations;
- laws and policies of the United States and of the other countries in which we may operate affecting foreign trade, taxation and investment, including anti-bribery and anti-corruption laws;
- the possibility of being subjected to the exclusive jurisdiction of foreign courts in connection with legal disputes and the possible inability to subject foreign persons to the jurisdiction of courts in the United States; and
- the possibility of restrictions on repatriation of earnings or capital from foreign countries.

There can be no assurance that changes in conditions or regulations in the future will not affect our profitability or ability to operate in such markets.

The Company will comply with regulations adopted in Bulgaria banning fracture stimulation activities, and the inability to conduct such activities in other countries in which we may operate in the future could result in increased costs and additional operating restrictions or delays.

Fracture stimulation is a commonly used process for the completion of oil and natural gas wells and involves the pressurized injection of water, sand and chemicals into rock formations to stimulate production. Recently, there has been increased public concern regarding the potential environmental impact of fracture stimulation activities. Bulgaria has adopted regulations banning all fracture stimulation activities in Bulgaria. Consequently, the Company will not conduct such activities in Bulgaria. The increased attention regarding this process could lead to additional levels of regulation in other countries in which we may operate in the future. The inability of the Company to conduct such activities could cause operational restrictions or delays or could increase our costs of compliance and doing business. To the extent that our future operations in countries other than Bulgaria will rely on fracture stimulation, the adoption of regulations in such other countries restricting fracture stimulation could impose operational delays, increased operations costs and additional related burdens on our exploration and production activities and could suspend or make it more difficult to perform fracture stimulation, cause a material decrease in the drilling of new wells and related completion activities and increase our costs of compliance and doing business, which could materially impact our business and profitability.

We are subject to foreign currency risks.

Oil and gas operations in Turkey will generate revenues in Turkish Lira, while expenses will be incurred in Turkish Lira or U.S. dollars. Gas production in Turkey will generate Turkish Lira. Oil and gas operations in Bulgaria will generate revenues in Bulgarian Leva, while expenses will be incurred in Bulgarian Leva, U.S. dollars or Euros. Gas production in Bulgaria will generate Bulgarian Leva. As a result, any fluctuations of these currencies may result in a change in reported revenues, if any, that our projects could generate if they commence production. Accordingly, our future financial results are subject to risk based on changes to foreign currency rates.

If we lose the services of our management and key consultants, then our plan of operations may be delayed.

Our success depends to a significant extent upon the continued service of our executive management, directors and consultants. Losing the services of one or more key individuals could have a material adverse effect on the Company's prospective business until replacements are found.

Drilling for and producing oil and natural gas are high-risk activities with many uncertainties that could adversely affect our business, financial condition or results of operations.

Our future success depends on the success of our exploration, development and production activities in our prospects. These activities will be subject to numerous risks beyond our control, including the risk that we will be unable to economically produce our reserves or be able to find commercially productive oil or natural gas reservoirs. Our decisions to purchase, explore, develop or otherwise exploit prospects or properties will depend in part on the evaluation of data obtained through geophysical and geological analyses, production data and engineering studies, the results of which are often inconclusive or subject to varying interpretations. The cost of drilling, completing and operating wells is often uncertain before drilling commences. Overruns in budgeted expenditures are common risks that can make a particular project unprofitable. Further, many factors may curtail, delay or prevent drilling operations, including:

- unexpected drilling conditions;
- pressure or irregularities in geological formations;
- equipment failures or accidents;

- pipeline and processing interruptions or unavailability;
- title problems;
- adverse weather conditions;
- lack of market demand for oil and natural gas;
- delays imposed by, or resulting from, compliance with environmental laws and other regulatory requirements;
- declines in oil and natural gas prices; and
- shortages or delays in the availability of drilling rigs, equipment and qualified personnel.

Our future drilling activities might not be successful, and drilling success rates overall or within a particular area could decline. We could incur losses by drilling unproductive wells. Shut-in wells, curtailed production and other production interruptions may materially adversely affect our business, financial condition and results of operations.

Shortages of drilling rigs, equipment, oilfield services and qualified personnel could delay our exploration and development activities and increase the prices that we pay to obtain such drilling rigs, equipment, oilfield services and personnel.

Our industry is cyclical and, from time to time, there may be a shortage of drilling rigs, equipment, oilfield services and qualified personnel in countries in which we may operate in the future. Shortages of drilling and workover rigs, pipe and other equipment may occur as demand for drilling rigs and equipment increases, along with increases in the number of wells being drilled. These factors can also cause significant increases in costs for equipment, oilfield services and qualified personnel. Higher oil and natural gas prices generally stimulate demand and result in increased prices for drilling and workover rigs, crews and associated supplies, equipment and services. It is beyond our control and ability to predict whether these conditions will exist in the future and, if so, what their timing and duration will be. These types of shortages or price increases could significantly increase our costs, decrease our cash provided by operating activities, or restrict our ability to conduct the exploration and development activities that we currently have planned and budgeted or that we may plan in the future. In addition, the availability of drilling rigs can vary significantly from region to region at any particular time. An undersupply of drilling rigs in any of the regions in which we may operate may result in drilling delays and higher costs for drilling rigs.

A substantial or extended decline in oil and natural gas prices may adversely affect our ability to meet our future capital expenditure obligations and financial commitments.

Revenues, operating results and future rate of growth are substantially dependent upon the prevailing prices of, and demand for, oil and natural gas. Lower oil and natural gas prices may also reduce the amount of oil and natural gas that we will be able to produce economically. Historically, oil and natural gas prices and markets have been volatile, and they are likely to continue to be volatile in the future. The recent decline in oil prices has highlighted the volatility and if oil prices remain at this level for an extended period of time, such lower prices could adversely affect our business, financial condition and results of operations.

A decrease in oil or natural gas prices will not only reduce revenues and profits but will also reduce the quantities of reserves that are commercially recoverable and may result in charges to earnings for impairment of the value of these assets. If oil or natural gas prices decline significantly for extended periods of time in the future, we might not be able to generate sufficient cash flow from operations to meet our obligations and make planned capital expenditures. Oil and natural gas prices are subject to wide fluctuations in response to relatively minor changes in the supply of, and demand for, oil and natural gas, market uncertainty and a variety of additional factors that are beyond our control. Among the factors that could cause fluctuations are:

- market expectations regarding supply and demand for oil and natural gas;
- levels of production and other activities of the Organization of Petroleum Exporting Countries and other oil and natural gas producing nations;
- market expectations about future prices for oil and natural gas;
- the level of global oil and natural gas exploration, production activity and inventories;
- political conditions, including embargoes, in or affecting oil and natural gas production activities; and
- the price and availability of alternative fuels.

Lower oil and natural gas prices may not only decrease our revenues on a per unit basis, but also may reduce the amount of oil and natural gas that we will be able to produce economically. A substantial or extended decline in oil or natural gas prices may have a material adverse effect on our business, financial condition and results of operations.

We are subject to operating hazards.

The oil and natural gas exploration and production business involves a variety of operating risks, including the risk of fire, explosion, blowout, pipe failure, casing collapse, stuck tools, uncontrollable flows of oil or natural gas, abnormally pressured formations and environmental hazards such as oil spills, surface cratering, natural gas leaks, pipeline ruptures, discharges of toxic gases, underground migration, surface spills, mishandling of fracture stimulation fluids, including chemical additives, and natural disasters. The occurrence of any of these events could result in substantial losses to us due to injury and loss of life, loss of or damage to well bores and/or drilling or production equipment, costs of overcoming downhole problems, severe damage to and destruction of property, natural resources and equipment, pollution and other environmental damage, clean-up responsibilities, regulatory investigation and penalties and suspension of operations. Gathering systems and processing facilities are subject to many of the same hazards and any significant problems related to those facilities could adversely affect our ability to market our production.

Our oil and natural gas operations are subject to extensive and complex laws and government regulation, and compliance with existing and future laws may increase our costs or impair our operations.

Our oil and natural gas operations in countries in which we operate or may operate in the future will be subject to numerous laws and regulations, including those related to the environment, employment, immigration, labor, oil and natural gas exploration and development, payments to local, foreign and provincial officials, taxes and the repatriation of foreign earnings. If we fail to adhere to any applicable laws or regulations, or if such laws or regulations restrict exploration or production, or negatively affect the sale, of oil and natural gas, our business, prospects, results of operations, financial condition or cash flows may be impaired. We may be subject to governmental sanctions, such as fines or penalties, as well as potential liability for personal injury, property or natural resource damage and might be required to make significant capital expenditures to comply with federal, state or international laws or regulations. In addition, existing laws or regulations, as currently interpreted or reinterpreted in the future, or future laws or regulations, could adversely affect our business or operations, or substantially increase our costs and associated liabilities.

In addition, exploration for, and exploitation, production and sale of, oil and natural gas in countries in which we operate or may operate in the future are subject to extensive national and local laws and regulations requiring various licenses, permits and approvals from various governmental agencies. If these licenses or permits are not issued or unfavorable restrictions or conditions are imposed on our exploration or drilling activities, we might not be able to conduct our operations as planned. Alternatively, failure to comply with these laws and regulations, including the requirements of any licenses or permits, might result in the suspension or termination of operations and subject us to penalties. Our costs to comply with such laws, regulations, licenses and permits are significant.

Specifically, our oil and natural gas operations in countries in which we operate or may operate in the future will be subject to stringent laws and regulations relating to the release or disposal of materials into the environment or otherwise relating to environmental protection. Failure to comply with these laws and regulations may result in the imposition of administrative, civil and/or criminal penalties, incurring investigatory or remedial obligations and the imposition of injunctive relief.

Changes in environmental laws and regulations occur frequently, and any changes that result in more stringent or costly waste handling, storage, transport, disposal or cleanup requirements could require us to make significant expenditures to attain and maintain compliance and may otherwise have a material adverse effect on our industry in general and on our own results of operations, competitive position or financial condition. Although we intend to comply in all material respects with applicable environmental laws and regulations, there can be no assurance that we will be able to comply with existing or new regulations. In addition, the risk of accidental spills, leakages or other circumstances could expose us to extensive liability. We are unable to predict the effect of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially adversely increase our cost of doing business or affect operations in any area.

Under certain environmental laws that impose strict, joint and several liability, we may be required to remediate our contaminated properties regardless of whether such contamination resulted from the conduct of others or from consequences of our own actions that were or were not in compliance with all applicable laws at the time those actions were taken. In addition, claims for damages to persons or property may result from environmental and other impacts of our operations. Moreover, new or modified environmental, health or safety laws, regulations or enforcement policies could be more stringent and impose unforeseen liabilities or significantly increase compliance costs. Therefore, the costs to comply with environmental, health or safety laws or regulations or the liabilities incurred in connection with them could significantly and adversely affect our business, financial condition or results of operations.

In addition, many countries have agreed to regulate emissions of “greenhouse gases.” Methane, a primary component of natural gas, and carbon dioxide, a by-product of burning of oil and natural gas, are greenhouse gases. Regulation of greenhouse gases could adversely impact some of our operations and demand for some of our services or products in the future.

Competition in the oil and natural gas industry is intense, and many of our competitors have greater financial, technological and other resources than we do, which may adversely affect our ability to compete.

We will be operating in the highly competitive areas of oil and natural gas exploration, development, production and acquisition with a substantial number of other companies, both foreign and domestic. We face intense competition from independent, technology-driven companies as well as from both major and other independent oil and natural gas companies in each of the following areas:

- seeking oil and natural gas exploration licenses and production licenses;
- acquiring desirable producing properties or new leases for future exploration;
- marketing oil and natural gas production;
- integrating new technologies; and
- contracting for drilling services and equipment and securing the expertise necessary to develop and operate properties.

Many of our competitors have substantially greater financial, managerial, technological and other resources than we do. These companies are able to pay more for exploratory prospects and productive oil and natural gas properties than we can. To the extent competitors are able to pay more for properties than we are paying, we will be at a competitive disadvantage. Further, many of our competitors enjoy technological advantages over us and may be able to implement new technologies more rapidly than we can. Our ability to explore for and produce oil and natural gas prospects and to acquire additional properties in the future will depend upon our ability to successfully conduct operations, implement advanced technologies, evaluate and select suitable properties and consummate transactions in this highly competitive environment.

We might not be able to obtain necessary permits, approvals or agreements from one or more government agencies, surface owners, or other third parties, which could hamper our exploration, development or production activities.

There are numerous permits, approvals, and agreements with third parties that will be necessary in order to enable us to proceed with our exploration, development or production activities and otherwise accomplish our objectives. The government agencies in international countries have discretion in interpreting various laws, regulations, and policies governing operations under licenses such as the license we are obtaining in Bulgaria. Further, we may be required to enter into agreements with private surface owners to obtain access to, and agreements for, the location of surface facilities. In addition, because many of the laws governing oil and natural gas operations in international countries have been enacted relatively recently, there is only a relatively short history of the government agencies handling and interpreting those laws, including the various regulations and policies relating to those laws. This short history does not provide extensive precedents or the level of certainty that allows us to predict whether such agencies will act favorably toward us. The governments have broad discretion to interpret requirements for the issuance of drilling permits. Our inability to meet any such requirements could have a material adverse effect on our exploration, development or production activities.

Risks Related to Our Common Stock

The value of our common stock may be affected by matters not related to our own operating performance.

The value of our common stock may be affected by matters that are not related to our operating performance and are outside of our control. These matters include the following:

- general economic conditions in the United States and globally;
- industry conditions, including fluctuations in the price of oil and natural gas;
- governmental regulation of the oil and natural gas industry, including environmental regulation and regulation of fracture stimulation activities;
- fluctuation in foreign exchange or interest rates;
- liabilities inherent in oil and natural gas operations;
- geological, technical, drilling and processing problems;
- unanticipated operating events that can reduce production or cause production to be shut in or delayed;
- failure to obtain industry partner and other third-party consents and approvals, when required;
- stock market volatility and market valuations;
- competition for, among other things, capital, acquisition of reserves, undeveloped land and skilled personnel;
- the need to obtain required approvals from regulatory authorities;
- worldwide supplies and prices of, and demand for, oil and natural gas;
- political conditions and developments in each of the countries in which we operate;
- political conditions in oil and natural gas producing regions;
- revenue and operating results failing to meet expectations in any particular period;
- investor perception of the oil and natural gas industry;
- limited trading volume of our common shares;
- announcements relating to our business or the business of our competitors;

- the sale of assets;
- our liquidity; and
- our ability to raise additional funds.

In the past, some companies that have experienced volatility in the trading price of their common stock have been the subject of securities class action litigation. We might become involved in securities class action litigation in the future. Such litigation often results in substantial costs and diversion of management's attention and resources and could have a material adverse effect on our business, financial condition and results of operation.

Investment in our common stock is speculative due to the nature of our business.

An investment in our common stock is speculative due to the nature of our involvement in the acquisition and exploration of oil and natural gas properties.

Our shareholders may experience dilution as a result of our issuance of additional common stock or the exercise of outstanding options and warrants.

We may enter into commitments in the future that would require the issuance of additional common stock. We may also grant additional share purchase warrants, restricted stock units or stock options. The exercise of share purchase warrants, restricted stock units or stock options and the subsequent resale of common stock in the public market could adversely affect the prevailing market price and our ability to raise equity capital in the future. Any stock issuances from our treasury will result in immediate dilution to existing shareholders.

We have never declared or paid cash dividends on our common stock.

We do not anticipate paying cash dividends on our common stock in the foreseeable future. Payment of future cash dividends, if any, will be at the discretion of our Board of Directors and will depend on our financial condition, results of operations, contractual restrictions, capital requirements, business prospects and other factors that our Board of Directors considers relevant. Accordingly, investors may only see a return on their investment if the value of our securities appreciates.

Our stock price is volatile.

Our common stock is traded on the OTC Bulletin Board and the OTCQB. There can be no assurance that an active public market will continue for our common stock, or that the market price for our common stock will not decline below its current price. Such price may be influenced by many factors, including, but not limited to, investor perception of us and our industry and general economic and market conditions. The trading price of our common stock could be subject to wide fluctuations in response to a variety of matters and market conditions.

Our common stock will be subject to the "Penny Stock" Rules of the SEC.

Our securities will be subject to the "penny stock rules" adopted pursuant to Section 15(g) of the Exchange Act. The penny stock rules apply generally to companies whose common stock trades at less than \$5.00 per share, subject to certain limited exemptions. Such rules require, among other things, that brokers who trade "penny stock" to persons other than "established customers" complete certain documentation, make suitability inquiries of investors and provide investors with certain information concerning trading in the security, including a risk disclosure document and quote information under certain circumstances. Some brokers have decided not to trade "penny stock" because of the requirements of the "penny stock rules" and, as a result, the number of broker-dealers willing to act as market makers in such securities is limited. In the event that we remain subject to the "penny stock rules" for any significant period, there may develop an adverse impact on the market, if any, for our securities. Because our securities are subject to the "penny stock rules," investors will find it more difficult to dispose of our securities.

A decline in the price of our common stock could affect our ability to raise further working capital and create additional dilution to existing shareholders upon any financings.

A decline in the price of our common stock could result in a reduction in the liquidity of our common stock and a reduction in our ability to raise additional capital for our operations. Because our operations to date have been principally financed through the sale of equity securities, a decline in the price of our common stock could have an adverse effect upon our liquidity; and if we sell such equity securities at a lower price, such sales could cause excessive dilution to existing shareholders.

We may issue debt to acquire assets or for working capital.

From time to time our Company may enter into transactions to acquire assets or the stock of other companies or we may require funding for general and administrative purposes. These transactions may be financed partially or wholly with debt, which may increase our debt levels above industry standards. Our governing documents do not limit the amount of indebtedness that our Company may incur. The level of our indebtedness from time to time could impair our ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

We may issue additional equity securities without the consent of shareholders. The issuance of any additional equity securities would further dilute our shareholders.

Our Board of Directors has the authority, without further action by the shareholders, to issue up to 250,000,000 shares of common stock authorized under our charter documents, of which 70,663,904 shares were issued and outstanding as of August 6, 2018. We may issue additional shares of common stock or other equity securities, including securities convertible into shares of common stock, in connection with capital raising activities. The issuance of additional common stock would also result in dilution to existing shareholders.

ITEM 1B. UNRESOLVED STAFF COMMENTS

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

ITEM 2. PROPERTIES

Turkey Properties

On January 18, 2017, the Company completed the acquisition of three oil and gas exploration and production companies operating in Turkey (the “Tiway Companies”). The purchase price for the acquisition of the Tiway Companies from Tiway Oil B.V. was \$2.1 million. As a result of the acquisition of the Tiway Companies, Park Place now owns interests in three producing oil and gas fields in Turkey, one of which is offshore and the other two are onshore. We have changed the name of the Tiway Companies to include Park Place in the name so hereinafter we will refer to them as the “PPE Turkey Companies”.

The primary asset of the PPE Turkey Companies is the offshore production license called the South Akcakoca Sub-Basin (“SASB”). PPE Turkey owned a 36.5% working interest in SASB as at the date of acquisition. The Company further acquired from its partner Foinavon Energy Turkey Inc. 12.5% working interest in the same license. SASB has four producing fields, each with a production platform plus subsea pipelines that connect the fields to an onshore gas plant. The four SASB fields are located off the north coast of Turkey towards the western end of the Black Sea in water depths ranging from 60 to 100 meters. Gas is produced from Eocene age sandstone reservoirs at subsea depths ranging from 1100 to 1800 meters.

The three nearer shore gas fields of Ayazli (discovered in 2004), Dogu Ayazli (discovered 2005) and Akkaya (discovered in 2006) were included in an initial phase of development with first gas production in 2007. The deeper water Akcakoca field (discovered in 2006) was developed later with first gas production in 2011. All the fields are developed using unmanned well head platforms/tripods tied back via an 18 km 12-inch pipeline to shared processing and compression facilities onshore at Cayagzi gas plant. The gas plant at Cayagzi is capable of processing up to 75 million cubic feet of gas per day. Sales gas is exported via an 18.6 km long 16-inch onshore pipeline, which ties into the main national gas transmission network operated by BOTAS. Historically, gas has been produced at rates of as high as 30 MMcf/d from SASB; total gross production to date from the four fields is in excess of 40 Bcf. The production license for SASB is covered by a modern 223 square kilometre 3D survey. There are five additional gas discoveries in SASB that have not yet been developed. Also, there are several additional prospects defined by 3D seismic data.

As of December 31, 2017, there are 10 production wells over 4 platforms. 5 wells are tested and temporarily abandoned pending connection to production pipeline, 3 wells are dry, and 1 well is abandoned. The total gross acreage of the SASB is 30,600 acres. There was no new drilling during the fiscal year.

With the acquisition of the PPE Turkey Companies, Park Place also acquired two other oil and gas assets: a 19.6% interest in the Cendere field, a producing oil field located in Central Turkey, and a 50% operated interest in the Bakuk gas field located near the Syrian border. At year-end 2017, the Cendere field was producing 123barrels of oil per day, net to the PPE Turkey Companies; and averaged 118barrels per day during 2017 net to the PPE Turkey Companies. The Bakuk field is shut-in with no plans to revive production in the near term.

As at December 31, 2017, there are 5 productive gas wells over 2850 gross acres. There was no new drilling and the for the year.

Bulgarian Property

In October of 2010, the Company was awarded an exploration permit for the “Vranino 1-11 Block”, a 98,205 acre oil and gas exploration land located in Dobrudja Basin, Bulgaria, by the Bulgarian Counsel of Ministers. On April 1, 2014, the Company entered into an Agreement for Crude Oil and Natural Gas Prospecting and Exploration in the Vranino 1-11 Block with the Ministry of Economy and Energy of Bulgaria (the “License Agreement”). The initial term of the License Agreement is five years. This five-year period will commence once the Bulgarian regulatory authorities approve of the Company’s work programs for the permit area. The License Agreement (or applicable legislation) provides for possible extension periods for up to five additional years during the exploration phase, as well as the conversion of the License Agreement to an exploitation concession, which can last for up to 35 years. Under the License Agreement, the Company will submit a yearly work program that is subject to approval of the Bulgarian regulatory authorities.

The Company’s commitment is to perform geological and geophysical exploration activities in the first 3 years of the initial term (the “Exploration and Geophysical Work Stage”), followed by drilling activities in years 4 and 5 of the initial term (the “Data Evaluation and Drilling Stage”). The Company is required to drill 10,000 meters (approximately 32,800 feet) of new wellbore (which may be vertical, horizontal or diagonal) and conduct other exploration activities during the initial term.

Pursuant to the License Agreement, the Company is obligated to incur minimum costs during the initial term as follows:

- (i) \$925,000 for the Exploration and Geophysical Work Stage; and
- (ii) \$3,675,000 for the Data Evaluation and Drilling Stage.

In addition, during the term of the License Agreement, the Company is obligated to pay an annual land rental fee of 15,897 BGN (US \$8,584 based on the exchange rate of .54 Lev to Dollar as of March 7, 2018). The Company is permitted to commence limited production during the initial term of the License Agreement. Upon confirmation of a commercial discovery, the Company is entitled to convert the productive area of the license to an exploitation concession that may last for up to 35 years provided that the minimum work commitments are satisfied.

Before the license for the Bulgarian CBM project is “effective”, the Company’s overall work program and first year annual work program must be approved by both the Bulgarian environmental ministry and the energy ministry. On August 26, 2014, the Bulgarian environmental agency approved the Company’s overall work program and first year annual work program. A number of parties appealed the decision of the environmental agency and an appeal proceeding was commenced before a three judge administrative panel. The three judge panel issued a decision on February 3, 2017 in which it ruled that the environmental agency had failed to follow its own regulations in approving the Company’s work programs. Both the environmental agency and the Company appealed the decision to a five-judge panel whose decision will be final. During 2017, the five judge panel ruled in favor of the Company.

Reserves Reported to Other Agencies

We have not filed estimates of total in-place resources or proved oil and gas reserves with any other federal authority or agency in the United States, Canada, Turkey or Bulgaria at this time. Presently, we are not required to prepare an estimate with respect to the Bulgarian property because are license has not yet become effective. We will file such reports as and when required under applicable regulations after receiving the Bulgarian exploration permit.

Reserves

SUMMARY OF OIL AND GAS RESERVES AS OF FISCAL-YEAR END BASED ON AVERAGE FISCAL-YEAR PRICES

Reserves category	Reserves	
	Oil (mbbls)	Natural gas (mmcf)
PROVED		
Developed:		
Turkey	207	736,941
Undeveloped:		
Turkey	-	-
TOTAL PROVED	207	736,941

An independent firm, GLJ Petroleum Consultants (GLJ) completed an independent reserves assessment and evaluation of the oil and gas properties located in Turkey of Park Place Energy Inc. The effective date of this evaluation is December 31, 2017. The evaluation was prepared in accordance with procedures and standards contained in the Canadian Oil and Gas Evaluation (COGE) Handbook.

Undeveloped Acreage

The following table sets forth the amounts of our undeveloped acreage as of December 31, 2017 as awarded in the Bulgarian License Agreement:

Area	Undeveloped Acreage ⁽¹⁾	
	Gross	Net
Bulgaria	98,205	98,205
Total:	98,205	98,205

(1) Undeveloped acreage is considered to be those lease acres on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of oil and gas regardless of whether or not such acreage contains proved reserves.

Present Activities

In Bulgaria, the Company has suspended most of its work to evaluate the opportunity for the exploration of natural gas and planning future operations on the permit area. Our evaluation and analysis based on the data available to us is mostly complete. The Company recently completed an environmental baseline survey over the entire permit area. In addition, the Company has purchased one drill site to enable it to conduct its planned work programs once those work programs receive all required regulatory approvals. The Company has evaluated and identified at least one existing well for re-entry and several potential drilling locations for new wells.

In Turkey, the Company plans to do workovers in the Cendere Field to keep production at its current net rate of 123 bopd. The SASB Field 3D seismic will be re-processed and utilized to facilitate future plans for SASB.

ITEM 3. LEGAL PROCEEDINGS

We are not party to any material legal proceedings and, to our knowledge, no such proceedings are threatened or contemplated. However, as previously stated, we are participating in the appeals proceeding in Bulgaria that pertains to objections filed by various parties regarding the approval of the Company's overall work program and first year annual work program by the Bulgarian environmental agency. See Item 2 (Properties) above. In February 2017, a three-judge panel which ruled that the approval of the Company's work programs by the Ministry of Environment and Water ("MEW") should be remanded to MEW for revision. MEW has appealed that decision to a five-judge panel. The Company was successful in its appeal to the five judged panel by decision July 2017. The Company does not contemplate any further legal action and the matter is fully and finally settled.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Shares of our common stock have been quoted on the OTC Bulletin Board since June 20, 2006 and the OTCQB since November 16, 2013, and presently trade under the symbol "PKPL".

	2017	High Bid	Low Bid
4 th Quarter		\$ 0.17	0.071
3 rd Quarter		\$ 0.19	0.078
2 nd Quarter		\$ 0.25	0.078
1 st Quarter		\$ 0.33	0.15
	2016		
4 th Quarter		\$ 0.53	0.14
3 rd Quarter		\$ 0.49	0.12
2 nd Quarter		\$ 0.30	0.07
1 st Quarter		\$ 0.12	0.08

Holders

The number of record holders of our common stock, \$0.00001 par value, as of August 6, 2018, was approximately 183.

Dividends

We have not, since the date of our incorporation, declared or paid any dividends on our common stock. We anticipate that we will retain future earnings and other cash resources for the operation and development of our business for the foreseeable future. The payment of dividends in the future will depend on our earnings, if any, and our financial condition and such other factors as our Board of Directors considers appropriate.

Equity Compensation Plans

Long-Term Incentive Equity Plans

On November 21, 2011, the Company replaced its 2007 Stock Option Plan and adopted its 2011 Stock Option Plan (the “2011 Plan”), which allows for the issuance of options to purchase up to 2,000,000 shares of common stock. A copy of the 2011 Plan was filed on November 25, 2011 on Form 8-K, to which reference should be made for a more complete description of the 2011 Plan. In connection with the adoption of the Company’s 2013 Long-Term Incentive Equity Plan in October 2013, the Company retired the 2011 Plan, but outstanding grants under the 2011 Plan remain subject to the terms of the 2011 Plan.

On October 29, 2013, the Company’s shareholders adopted the Company’s 2013 Long-Term Incentive Equity Plan (the “2013 Plan”). A summary of the principal features of the 2013 Plan, as well as a copy of the 2013 Plan document itself, is available in the Company’s Schedule 14A filed on September 27, 2013, to which reference should be made for a more complete description of the 2013 Plan. The 2013 Plan permits grants of stock options (including incentive stock options and nonqualified stock options), stock appreciation rights, restricted stock awards, and other stock-based awards. Under the 2013 Plan, any employee (including an employee who is also a director or an officer), officer, contractor or outside director of the Company whose judgment, initiative, and efforts contributed or may be expected to contribute to the successful performance of the Company is eligible to participate in the 2013 Plan, except that only employees are eligible to receive incentive stock options. Subject to certain adjustments, the maximum number of shares of common stock that may be delivered under the 2013 Plan is ten percent (10%) of the Company’s authorized and outstanding shares of common stock as determined on the applicable date of grant of an award under the 2013 Plan.

The various types of long-term incentive awards that may be granted under the 2013 Plan will enable the Company to respond to changes in compensation practices, tax laws, accounting regulations and the size and diversity of its businesses.

During the years ended December 31, 2017 and 2016, the Company issued nil and 165,000, respectively, of stock options under the 2013 Plan. In addition, in 2016 outstanding restricted stock units (“RSUs”) issued under the 2013 Plan during 2014 and 2015 had their vesting date changed to April 30, 2017. On February 23, 2017, the Company changed the vesting date for the RSUs issued under the 2013 Plan during 2014 to February 23, 2017 and extended the vesting date for the RSUs issued under the 2013 Plan during 2015 to December 1, 2017.

The following table provides a summary of the number of stock options outstanding as at December 31, 2017 under both of our equity compensation plans:

	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)		Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans not approved by security holders (2011 Plan)	600,000	\$	0.10	Nil
Equity compensation plans approved by security holders (2013 Plan)	2,715,000	\$	0.14	Variable*
Warrants	10,895,000		0.30	Unrestricted
Total	14,210,000			

*Subject to 10% rolling maximum more fully described in the 2013 Plan. As of August 6, 2018, the 10% rolling maximum is 7,066,390.

Recent Sales of Unregistered Securities

Not applicable.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

We did not purchase any of our shares of common stock or other securities during 2017 and 2016.

ITEM 6. SELECTED FINANCIAL DATA

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to provide readers of our financial statements with a narrative from the perspective of our management on our financial condition, results of operations, liquidity, and certain other factors that may affect our future results. Our MD&A is presented in the following sections:

- Executive Summary
- Results of Operations
- Liquidity and Capital Resources
- Recent Accounting Pronouncements
- Forward-Looking Statements.

Our MD&A should be read in conjunction with our Consolidated Financial Statements and related Notes in Item 8, Financial Statements and Supplementary Data, of this Annual Report on Form 10-K.

Executive Summary

Park Place is a U.S. based oil and gas exploration and production company focused on expanding its portfolio of projects in Southeast Europe, Turkey and countries in the immediate vicinity. The Company's concentration is on recently acquired oil and gas producing assets in Turkey and a coal bed methane exploration license in Bulgaria.

Turkey

In January 18, 2017, the Company completed the acquisition of three oil and gas producing fields in Turkey. The purchase price for the acquisition of the PPE Turkey Companies from Tiway Oil B.V. was \$2.1 million. At December 31, 2016, net production from these fields was around 280 boepd (barrel of oil equivalent per day). The main producing asset was a 36.75% interest in an offshore gas development project called the South Akçakoca Sub-Basin (SASB). The Company further acquired from its partner Foinavon Energy Turkey Inc. 12.25% working interest in the same license for 1,500,000 shares of the Company and \$275,000 February, 2018 to have a total of 49%. This field has four offshore platforms connected to an onshore gas plant. On December 31st 2017, net gas production to the Company was around 563 Mcfd (thousand cubic feet per day) from six producing wells. The SASB field potentially holds significant upside. The other producing property acquired in Turkey is a 19.6% interest in the Cendere oil field located in Southeast Turkey. This mature oilfield consistently produces between 110 and 123 bopd (barrels oil per day) net to the Company.

At SASB, the Company plans to reprocess the 3D seismic to facilitate a potential future program of drilling to bring discovered undeveloped gas pools on to production.

Bulgaria

The Company was awarded an exploration license over a 98,000 acre block in northeast Bulgaria. This area was extensively drilled for coal exploration from 1964 to 1990. Although coal mining is not technically feasible, this has provided an extensive database. A third-party engineering report prepared for the Company puts the range of prospective resources of recoverable gas between 130 Bcf and 1.2 Tcf on the license. .

Strategic Focus

Oil and natural gas prices in Turkey and throughout Southeast Europe make this make this region highly attractive for oil and gas exploration and production. Most of the countries, including Turkey and Bulgaria, import nearly all of their oil and natural gas and consumption is projected to increase. Turkey also contains many opportunities for additional oil and coal bed methane production as well enhanced oil and natural gas recovery from existing fields. Park Place will evaluate these opportunities as they appear. The fiscal terms are highly attractive. In Turkey, there is a 20% corporate tax and a 12.5% royalty. In Bulgaria, the corporate tax rate is 10% and the royalties are on a sliding rate starting at 3.5% up to 13.5%

Results of Operations

Revenue

For the year ended December 31, 2017, the Company had \$3,883,059 in oil and gas revenue from the acquired Tiway operations.

For the year ended December 31, 2016, we were a pre-revenue stage company, and our future revenues depended upon successful extraction of oil and gas deposits for sale.

Expenses

The Company incurred production expenses related to its acquired Tiway operations of \$2,814,672, depletion charges of \$774,547, and accretion expense of \$224,759 for the year ended December 31, 2017.

Our general and administrative expenses for the year ended December 31, 2017 were \$2,509,940 compared to \$3,985,026 for the year ended December 31, 2016. \$1,279,430 in expenses were from the North American head office, which resulted in a year over year decrease of \$1,475,086. In general & administrative expenses in the North American operations, \$508,831 was stock based compensation, and \$283,528 in legal and professional fees. Audit and financial services accounted for a further \$149,741 in expenses with approximately \$60,000 in audit fees related to the purchase of the Tiway business. Turkey general and administrative expenses accounted for \$1,230,128 of the total general and administrative for 2017.

During the year ended December 31, 2016, the Company amended and restated the terms of the warrants issued in 2013 to extend the expiration date one year from August 27, 2016 to August 27, 2017. No other conditions of the warrants were amended. The amended and restated warrants vested immediately. The Company recognized expense of \$3,421,501 related to the amendment and restatement of the warrants.

Other Income (Expense)

For the year ended December 31, 2017, other income (expense) was an expense of \$24,587. Comparatively, for the year ended December 31, 2016, other income (expense) was an expense of \$14,065. In 2017, a \$15,695 bargain purchase gain was recorded in relation to the Tiway acquisition.

Loss

Our net loss for the year ended December 31, 2017 was \$2,486,836 compared to \$3,999,091 for the year ended December 31, 2016 for the reasons explained above.

Liquidity and Capital Resources

The following table summarizes our liquidity position as of December 31, 2017 and 2016.

	December 31, 2017	December 31, 2016
Cash	\$ 130,476	\$ 1,550,937
Working capital deficiency	(1,501,855)	(805,133)
Total assets	7,042,450	5,042,164
Total liabilities	5,076,596	1,256,749
Stockholders' equity	1,965,854	3,785,415

Cash Used in Operating Activities

We used net cash of \$474,078 in operating activities for the year ended December 31, 2017 compared to \$397,241 for the year ended December 31, 2016. After acquiring accounts receivable of \$395,530 from the Tiway operations, accounts receivables increased further due to timing of receipts, which decreased cash flow by \$206,169. To fund the losses for the period, accounts payable increased by \$495,434, while the Company raised funds in the first quarter of 2018.

Cash Used in Investing Activities

Net cash used for investing activities in the year ended December 31, 2017 was \$1,118,183 compared to \$39,811 for the year ended December 31, 2016. Oil and gas properties expenditures increased to \$144,002 from \$38,848 in 2016 and the Company completed the acquisition, net of cash, of Tiway for \$855,014.

Cash Provided By Financing Activities

We have funded our business to date from sales of our common stock through private placements and loans from shareholders. In the year ended December 31, 2017, we received cash of \$210,000 for stock subscriptions as compared to \$980,000 for the year ended December 31, 2016. Additionally, we received \$30,000 from the exercise of stock options in 2016 and there were no exercised in 2017. During 2017, we obtained loans from stockholders of \$91,025, of which \$122,000 was paid back prior to year end. Comparatively, during 2016, we obtained loans from stockholders of \$1,376,500, of which \$477,500 was paid back prior to year end.

Future Operating Requirements

We expect to finance future operating requirements with cash, cash flows from the PPE Turkey Companies' operations; and, depending on market conditions, short-term debt, long-term debt, and equity. As of December 31, 2017, the Company had unrestricted cash of \$127,688. The Company is attempting to raise additional capital to fund future exploration and operating requirements.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Stock Based Compensation

We have a stock-based compensation plan covering employees, consultants and our directors. See the Notes to the Consolidated Financial Statements.

Contractual Obligation and Commercial Commitments

See the Executive Summary of this MD&A relating to our commitment under the Bulgarian License.

Critical Accounting Policies and Estimates

Our consolidated financial statements and accompanying notes have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") applied on a consistent basis. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

We regularly evaluate the accounting policies and estimates that we use to prepare our consolidated financial statements. In general, management's estimates are based on historical experience, on information from third party professionals, and on various other assumptions that are believed to be reasonable under the facts and circumstances. Actual results could differ from those estimates made by management.

We believe that our critical accounting policies and estimates include the following:

Oil and gas properties

The Company follows the full cost method of accounting for oil and natural gas operations, whereby all costs of exploring for and developing oil and natural gas reserves are capitalized and accumulated in cost centers on a country-by-country basis. Costs include land acquisition costs, geological and geophysical charges, carrying charges on non-productive properties and costs of drilling both productive and non-productive wells. General and administrative costs are not capitalized other than to the extent of the Company's working interest in operated capital expenditure programs on which operator's fees have been charged equivalent to standard industry operating agreements.

The costs in each cost center, including the costs of well equipment, are depleted and depreciated using the unit-of-production method based on the estimated proved reserves before royalties. Natural gas reserves and production are converted to equivalent barrels of crude oil based on relative energy content. The costs of acquiring and evaluating significant unproved properties are initially excluded from depletion calculations. These unevaluated properties are assessed periodically to ascertain whether impairment has occurred. When proved reserves are assigned or the property is considered to be impaired, the cost of the property or the amount of the impairment is added to costs subject to depletion.

The capitalized costs less accumulated depletion and depreciation in each cost center are limited to an amount equal to the estimated future net revenue from proved reserves (based on prices and costs at the balance sheet date) plus the cost (net of impairments) of unproved properties. The total capitalized costs less accumulated depletion and depreciation, site restoration provision and future income taxes of all cost centers are further limited to an amount equal to the future net revenue from proved reserves plus the cost (net of impairments) of unproved properties of all cost centers less estimated future site restoration costs, general and administrative expenses, financing costs and income taxes.

Proceeds from the sale of oil and natural gas properties are applied against capitalized costs, with no gain or loss recognized, unless such a sale would significantly alter the rate of depletion and depreciation.

Stock-based compensation

The Company accounts for share-based compensation under the provisions of ASC 718 “Compensation – Stock Compensation”. ASC 718 requires that all stock-based compensation be recognized as an expense in the financial statements and that such cost be measured at the fair value of the award. We use the Black-Scholes option-pricing model to estimate the fair value of the options on the date of each grant. The Black-Scholes option-pricing model utilizes highly subjective and complex assumptions to determine the fair value of stock-based compensation, including the option’s expected term and price volatility of the underlying stock.

Recent accounting pronouncements

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (ASU 2014-09), which supersedes most current revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgement and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP. The standard is effective for us beginning 2018. We will be using the following transition method: a modified retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). We do not believe the adoption of this guidance will have a material impact on our financial statements.

In February 2016, the FASB issued ASC 2016-02 “Leases (Topic 842)” a comprehensive standard related to lease accounting to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Most significantly, the new guidance requires lessees to recognize operating leases with a term of more than 12 months as lease assets and lease liabilities. The adoption will require a modified retrospective approach at the beginning of the earliest period presented. Early adoption permitted.

The Company is currently evaluating the impact of the above standards on the consolidated financial statements. Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission are not believed by management to have a material impact on the Company’s present or future consolidated financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

ITEM 8. FINANCIAL STATEMENTS

PARK PLACE ENERGY INC.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
Park Place Energy Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Park Place Energy, Inc. and subsidiaries (the “Company”) as of December 31, 2017 and 2016, and the related consolidated statements of operations and comprehensive loss, stockholders’ equity, and cash flows for the years then ended, and the related notes (collectively referred to as the “financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

The accompanying financial statements have been prepared assuming that the entity will continue as a going concern. As discussed in Note 2 to the financial statements, the entity has suffered recurring losses from operations and has a net capital deficiency that raises substantial doubt about its ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Whitley Penn LLP

We have served as the Company’s auditor since 2014

Houston, TX
August 10, 2018

PARK PLACE ENERGY INC.

Consolidated Balance Sheets

(Expressed in U.S. dollars)

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
ASSETS		
Current assets:		
Cash	\$ 130,476	\$ 1,550,937
Account receivables	600,312	21
Prepaid expenses and deposits	316,694	10,924
Deposit for Tiway acquisition	-	500,000
Total current assets	<u>1,047,482</u>	<u>2,061,882</u>
Oil and gas properties, net	5,723,394	2,939,829
Property and equipment, net	97,777	-
Restricted cash	127,688	-
Note receivable	46,109	40,453
Total assets	<u>\$ 7,042,450</u>	<u>\$ 5,042,164</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,584,050	\$ 357,749
Loans payable	965,287	899,000
Total current liabilities	<u>2,549,337</u>	<u>1,256,749</u>
Asset retirement obligation	2,527,259	-
Total liabilities	<u>5,076,596</u>	<u>1,256,749</u>
Stockholders' equity:		
Common stock Authorized: 250,000,000 shares, par value \$0.00001 Issued and outstanding: 58,243,904 and 50,281,482 shares, respectively	582	503
Additional paid-in capital	22,905,377	21,273,494
Stock subscriptions and stock to be issued	80,400	905,000
Accumulated other comprehensive income (loss)	(135,469)	4,618
Accumulated deficit	<u>(20,885,036)</u>	<u>(18,398,200)</u>
Total stockholders' equity	<u>1,965,854</u>	<u>3,785,415</u>
Total liabilities and stockholders' equity	<u>\$ 7,042,450</u>	<u>\$ 5,042,164</u>

See accompanying notes to consolidated financial statements

PARK PLACE ENERGY INC.

Consolidated Statements of Operations and Comprehensive Loss

(Expressed in U.S. dollars)

	Year Ended December 31,	
	2017	2016
Revenue		
Oil and gas revenue	\$ 3,883,059	\$ -
Cost and expenses		
Production	2,814,672	-
Depletion	774,547	-
Depreciation	21,390	-
Accretion of asset retirement obligation	224,759	-
General and administrative	2,509,940	3,985,026
Total expenses	6,345,308	3,985,026
Loss before other income (expense)	(2,462,249)	(3,985,026)
Other income (expense)		
Interest income	-	2,420
Interest expense	(76,026)	(12,396)
Foreign exchange loss	(15,512)	(4,089)
Other gain	63,023	-
Taxes	(11,767)	-
Gain on bargain purchase option	15,695	-
Total other income (expense)	(24,587)	(14,065)
Net loss	\$ (2,486,836)	\$ (3,999,091)
Loss per share, basic and diluted	\$ (0.04)	\$ (0.08)
Weighted average number of shares outstanding basic and diluted	56,001,794	50,462,715
Other comprehensive loss		
Change in foreign currency translation adjustments	\$ (140,087)	\$ 3,428
Comprehensive loss	\$ (2,626,923)	\$ (3,995,663)

See accompanying notes to consolidated financial statements

PARK PLACE ENERGY INC.

Consolidated Statements of Stockholders' Equity

(Expressed in U.S. dollars)

	Common Stock		Additional paid-in capital	Stock subscriptions and stock to be issued	Accumulated other comprehensive Income (loss)	Accumulated Deficit	Total
	Shares	Amount					
Balance, December 31, 2015	45,731,482	\$ 457	\$ 17,258,619	\$ 350,000	\$ 1,190	\$ (14,399,109)	\$ 3,211,157
Issuance of common stock	4,250,000	43	424,957	(425,000)	–	–	–
Stock subscriptions received	–	–	–	980,000	–	–	980,000
Exercise of stock options	300,000	3	29,997	–	–	–	30,000
Stock-based compensation expense	–	–	3,481,386	–	–	–	3,481,386
Restricted stock issued for oil and gas properties	–	–	78,535	–	–	–	78,535
Currency translation adjustment	–	–	–	–	3,428	–	3,428
Net loss	–	–	–	–	–	(3,999,091)	(3,999,091)
Balance, December 31, 2016	50,281,482	\$ 503	\$ 21,273,494	\$ 905,000	\$ 4,618	\$ (18,398,200)	\$ 3,785,415
Issuance of common stock	6,075,000	61	1,110,939	(1,011,000)	–	–	100,000
Stock subscriptions received	–	–	–	110,000	–	–	110,000
Stock issuance costs	–	–	(8,985)	(4,000)	–	–	(12,985)
Vesting of restricted stock units	887,422	8	–	–	–	–	8
Stock-based compensation expense	–	–	428,431	80,400	–	–	508,831
Stock issued as deposit for oil and gas property	1,000,000	10	89,990	–	–	–	90,000
Restricted stock issued for oil and gas properties	–	–	11,508	–	–	–	11,508
Currency translation adjustment	–	–	–	–	(140,087)	–	(140,087)
Net loss	–	–	–	–	–	(2,486,836)	(2,486,836)
Balance, December 31, 2017	58,243,904	\$ 582	\$ 22,905,377	\$ 80,400	\$ (135,469)	\$ (20,885,036)	\$ 1,965,854

See accompanying notes to consolidated financial statements

PARK PLACE ENERGY INC.
Consolidated Statements of Cash Flows
(Expressed in U.S. dollars)

	Year Ended December 31,	
	2017	2016
Operating activities:		
Net loss for the period	\$ (2,486,836)	\$ (3,999,091)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	508,831	3,481,386
Depletion	774,547	-
Depreciation	21,390	-
Accretion of asset retirement obligation	224,759	-
Gain on bargain purchase option	(15,695)	-
Unrealized foreign exchange gain	(3,218)	-
Interest from loans payable	84,169	-
Changes in operating assets and liabilities:		
Account receivables	(206,169)	562
Restricted cash	2,873	-
Prepaid expenses and deposits	125,837	2,423
Accounts payable and accrued liabilities	495,434	117,479
Net cash used in operating activities	<u>(474,078)</u>	<u>(397,241)</u>
Investing activities:		
Acquisition of Tiway, net of cash acquired	(855,014)	-
Issuance of note receivable	-	(963)
Property and equipment expenditures	(119,167)	-
Oil and gas properties expenditures	(144,002)	(38,848)
Net cash used in investing activities	<u>(1,118,183)</u>	<u>(39,811)</u>
Financing activities:		
Proceeds from stock subscriptions received	210,000	980,000
Proceeds from exercise of stock options	-	30,000
Stock issuance costs	(12,985)	-
Proceeds from loans payable	91,025	1,376,500
Repayment of loans payable	(122,000)	-
Repayment of stockholder loans	-	(477,500)
Net cash provided by financing activities	<u>166,040</u>	<u>1,909,000</u>
Effect of exchange rate changes on cash and cash equivalents	<u>5,760</u>	<u>3,428</u>
Change in cash and cash equivalents	<u>(1,420,461)</u>	<u>1,475,376</u>
Cash and cash equivalents, beginning of year	<u>1,550,937</u>	<u>75,561</u>
Cash and cash equivalents, end of year	<u>\$ 130,476</u>	<u>\$ 1,550,937</u>
Non-cash investing and financing activities:		
Oil and gas expenditures included in accounts payable	\$ -	\$ 121,264
Restricted stock issued for oil and gas properties	\$ -	\$ 78,535
Stock issued for deposit on oil and gas property	\$ 90,000	\$ -

See accompanying notes to consolidated financial statements

PARK PLACE ENERGY INC.

Notes to Consolidated Financial Statements

For the year ended December 31, 2017 and 2016

(Expressed in U.S. dollars)

1. Organization

Park Place Energy Inc. and its consolidated subsidiaries, (“Park Place”, “Company”, “we” or “our”) is a U.S. based oil and gas exploration and production company. Our corporate headquarters are located at Suite 700, 838 West Hastings Street, Vancouver, B.C., Canada. The Company also has registered offices in Turkey and Bulgaria. Park Place was incorporated in Delaware in 2015.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

The consolidated financial statements of Park Place Energy Inc. (“Park Place”, “Company”, “we” or “our”) have been prepared in accordance with accounting principles generally accepted in the United States (“US GAAP”) and are expressed in U.S. dollars. These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated.

The Company has suffered recurring losses from operations and the Company has a significant working capital deficiency. These conditions raise substantial doubt about the Company’s ability to continue as a going concern. The Company will need to raise funds through either the sale of its securities, issuance of corporate bonds, joint venture agreements and/or bank financing to accomplish its goals. If additional financing is not available when needed, the Company may need to cease operations. The Company may not be successful in raising the capital needed to drill and/or rework existing oil wells. Any additional wells that the Company may drill may be non-productive. Management believes that actions presently being taken to secure additional funding for the reworking of its existing infrastructure will provide the opportunity for the Company to continue as a going concern. Since the Company has an oil producing asset, its goal is to increase the production rate by optimizing its current infrastructure. The accompanying financial statements have been prepared assuming the Company will continue as a going concern; no adjustments to the financial statements have been made to account for this uncertainty.

(b) Use of Estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company regularly evaluates estimates and assumptions related to the estimated useful lives and recoverability of long-lived assets, impairment of oil and gas properties, fair value of stock-based compensation, and deferred income tax asset valuation allowances. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company’s estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

(c) Cash and cash equivalents

The Company considers all highly liquid instruments with maturity of three months or less at the time of issuance to be cash equivalents.

(d) Accounts receivable

Accounts receivable consist of oil and gas receivables. The Company has classified these as short-term assets in the balance sheet because the Company expects repayment or recovery within the next 12 months. The Company evaluates these accounts receivable for collectability and, when necessary, records allowances for expected unrecoverable amounts. The Company deems all accounts receivable to be collectable and has not recorded any allowance for doubtful accounts.

(e) Long-lived Assets

In accordance with Accounting Standards Codification (“ASC”) 360, “Property, Plant and Equipment”, the Company tests long-lived assets or asset groups for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. Circumstances that could trigger a review include, but are not limited to: significant decreases in the market price of the assets; significant adverse changes in the business climate or legal factors; accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the assets; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the assets; and current expectation that the assets will more likely than not be sold or disposed significantly before the end of their estimated useful life. Recoverability is assessed based on the carrying amount of the assets and their fair value, which is generally determined based on the sum of the undiscounted cash flows expected to result from the use and the eventual disposal of the assets, as well as specific appraisal in certain instances. An impairment loss is recognized when the carrying amount of the assets is not recoverable and exceeds fair value.

(f) Oil and Gas Properties

The Company follows the full cost method of accounting for oil and natural gas operations, whereby all costs of exploring for and developing oil and natural gas reserves are capitalized and accumulated in cost centers on a country-by-country basis. Costs include: license and land acquisition costs, geological, engineering, geophysical, seismic and other data, carrying charges on non-productive properties and costs of drilling and completing both productive and non-productive wells. General and administrative costs which are associated with acquisition, exploration and development activities are capitalized. General and administrative costs are capitalized other than to the extent of the Company’s working interest in operated capital expenditure programs on which operator’s fees have been charged equivalent to standard industry operating agreements.

The costs in each cost center, including the costs of well equipment, are depleted and depreciated using the unit-of-production method based on the estimated proved reserves before royalties. The costs of acquiring and evaluating significant unproved properties are initially excluded from depletion calculations. These unevaluated properties are assessed periodically to ascertain whether impairment has occurred. When proved reserves are assigned or the property is considered to be impaired, the cost of the property or the amount of the impairment is added to costs subject to depletion.

The capitalized costs (less accumulated depletion and depreciation in each cost center) are limited to an amount equal to the estimated future net revenue from proved reserves (based on prices and costs at the balance sheet date) plus the cost (net of impairments) of unproved properties. The total capitalized costs, less accumulated depletion and depreciation, site restoration provision and future income taxes of all cost centers, is further limited to an amount equal to the future net revenue from proved reserves plus the cost (net of impairments) of unproved properties of all cost centers less estimated future site restoration costs, general and administrative expenses, financing costs and income taxes.

Proceeds from the sale of oil and natural gas properties are applied against capitalized costs, with no gain or loss recognized, unless such a sale would significantly decrease the Company’s total proven reserves.

(g) Property and equipment

Property and equipment are stated at cost and depreciated using the straight-line method over the shorter of the estimated useful life of the asset or the lease term. The estimated useful lives are: other assets are depreciated over 20 years; and leasehold improvements are depreciated over the term of the lease.

(h) Asset Retirement Obligations

The Company records the fair value of an asset retirement obligation as a liability in the period in which it incurs a legal obligation associated with the retirement of tangible long-lived assets that results from the acquisition, construction, development, and/or normal use of the long-lived assets. The Company also records a corresponding asset that is amortized over the life of the asset. Subsequent to the initial measurement of the asset retirement obligation, the obligation is adjusted at the end of each period to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying the obligation (asset retirement cost).

(i) Financial Instruments and Fair Value Measures

The carrying amounts reported in the consolidated balance sheets for cash equivalents, notes and accounts receivable, loans payable, accounts payable and accrued expenses approximate fair value because of the immediate or short-term maturity of these financial instruments. None of these instruments are held for trading purposes.

(j) Income Taxes

The Company accounts for income taxes using the asset and liability method in accordance with ASC 740, "Accounting for Income Taxes". The asset and liability method provide that deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities and for operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company records a valuation allowance to reduce deferred tax assets to the amount that is believed more likely than not to be realized.

As of December 31, 2017, and 2016, the Company did not have any amounts recorded pertaining to uncertain tax positions. The Company recognizes interest and penalties related to uncertain tax positions in general and administrative expense. We did not incur any penalties or interest during the years ended December 31, 2017 and 2016. On December 22, 2017 the U.S. enacted the Tax Cuts and Jobs Act ("the Tax Act") which significantly changed U.S. tax law. The Tax Act lowered the Company's statutory federal income tax rate from a maximum of 39% to a rate of 21% effective January 1, 2018. The company has deferred tax losses and assets and they were adjusted as a result of the change in tax law reducing the federal income tax rate. The Company's tax years 2014 and forward remain open.

(k) Foreign Currency Translation

Operations outside the United States prepare financial statements in currencies other than the United States dollar. The income statement amounts are translated at average exchange rates for the year, while the assets and liabilities are translated at year-end exchange rates. Translation adjustments are accumulated as a separate component of stockholders' equity and other comprehensive income. The functional currency of our Bulgarian operations is considered to be the Bulgarian Lev. The functional currency of our Turkish operations is considered to be the Turkish lira.

(l) Stock-based Compensation

The Company records stock-based compensation in accordance with ASC 718 ("Compensation – Stock Compensation") using the fair value method. All transactions in which goods or services are the consideration received for the issuance of equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable.

The Company uses the Black-Scholes option pricing model to calculate the fair value of stock-based awards. This model is affected by the Company's stock price as well as assumptions regarding a number of subjective variables. These subjective variables include, but are not limited to, the Company's expected stock price volatility over the term of the awards, and actual and projected stock option exercise behaviors. The value of the portion of the award that is ultimately expected to vest is recognized as an expense in the statement of operations over the requisite service period.

(m) Loss Per Share

The Company computes loss per share of Company stock in accordance with ASC 260 ("Earnings per Share"), which requires presentation of both basic and diluted earnings per share ("EPS") on the face of the income statement. Basic EPS is computed by dividing the loss available to common shareholders (numerator) by the weighted average number of shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period using the treasury stock method and convertible preferred stock using the if-converted method. In computing diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential shares if their effect is anti-dilutive. As at December 31, 2017 and 2016, the Company had 14,210,000 and 14,976,797 potentially dilutive shares outstanding, which were excluded from the calculation of diluted EPS, respectively.

(n) Comprehensive Loss

Comprehensive loss consists of net loss and foreign currency cumulative translation adjustment.

(o) Related Party Transactions

Amounts owing to directors and officers incurred in the course of regular operations are classified in accounts payable. At December 31, 2017, \$132,249 of accounts payable were to related parties and \$212,738 at December 31, 2016.

(p) Recently Issued Accounting Pronouncements

For fiscal years beginning after December 15, 2018:

In February 2016, the FASB issued ASC 2016-02 "Leases (Topic 842)" a comprehensive standard related to lease accounting to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Most significantly, the new guidance requires lessees to recognize operating leases with a term of more than 12 months as lease assets and lease liabilities. The adoption will require a modified retrospective approach at the beginning of the earliest period presented. Early adoption permitted.

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (ASU 2014-09), which supersedes most current revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five step process to achieve this core principle and, in doing so, more judgement and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP. The standard is effective for us beginning 2018. We will be using the following transition method: a modified retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). We do not believe the adoption of this guidance will have a material impact on our financial statements.

The Company is currently evaluating the impact of the above standards on the consolidated financial statements. Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, are not believed by management to have a material impact on the Company's present or future consolidated financial statements.

3. Tiway Acquisition

On January 18, 2017, Park Place completed the acquisition of three oil and gas exploration and production companies operating in Turkey from Tiway Oil B.V. in exchange for cash consideration of \$2,100,000, which included a deposit of \$500,000 paid in the prior year. On the date of acquisition, the fair value of the identifiable net assets exceeded the purchase consideration by \$15,695, which is included in the other income line of the accompanying consolidated statement of. We incurred acquisition related expenses of approximately \$39,000 which include legal and corporate matters.

The following table presents recognized fair value of the identifiable assets acquired and liabilities assumed at acquisition:

Assets:	
Cash	\$ 744,986
Accounts receivable	395,530
Prepaid and other current assets	330,765
Restricted cash	130,227
Oil and natural gas properties – proved	3,414,110
Total assets	<u>5,015,618</u>
Liabilities:	
Accounts payable and accrued liabilities	597,423
Asset retirement obligation	<u>2,302,500</u>
Total liabilities	<u>2,899,923</u>
Total identifiable net assets	2,115,695
Cash consideration	<u>2,100,000</u>
Bargain purchase gain	<u>\$ 15,695</u>

During the period between the acquisition date and December 31, 2017, revenues and operating expenses of approximately \$3,883,059 and \$5,065,496 were recorded in the statement of operations related to the Tiway acquisition after the closing date and we generated losses of approximately \$1,132,701.

4. Deposits

Included in prepaid expenses and deposits for the year ended December 31, 2017, is the value of a stock grant for a deposit an additional 12.25% of the South Akcakoca Sub Basin (“SASB”) gas field bringing the Company’s total interest to 49%. The stock grant was 1,000,000 shares valued at the market price on the date of grant of \$0.09 per share, \$90,000. The acquisition closed subsequent to year end and was applied to the purchase price.

5. Restricted cash

The restricted cash is related with the drilling bonds provided to GDPA (General Directorate of Petroleum Affairs) for the exploration licenses due to Turkish Petroleum Law. The amounts are for 2% of the annual work budget of the different Turkish licenses which is submitted to GDPA on annual basis.

6. Oil and Gas Properties

	Unproven properties Bulgaria	Proven properties Turkey	Total
January 1, 2016	\$ 2,701,182	\$ -	\$ 2,701,182
Expenditures	238,647	-	238,647
December 31, 2016	\$ 2,939,829	\$ -	\$ 2,939,829
Expenditures	144,002	-	144,002
Acquisition	-	3,414,110	3,414,110
Depletion	-	(774,547)	(774,547)
December 31, 2017	\$ 3,083,831	\$ 2,639,563	\$ 5,723,394

Bulgaria

The Company holds a 98,205-acre oil and gas exploration claim in the Dobrudja Basin located in northeast Bulgaria. The Company intends to conduct exploration for natural gas and test production activities over a five-year period in accordance with or exceeding its minimum work program obligation. The Company's commitment is to perform geological and geophysical exploration activities in the first 3 years of the initial term (the "Exploration and Geophysical Work Stage"), followed by drilling activities in years 4 and 5 of the initial term (the "Data Evaluation and Drilling Stage"). The Company is required to drill 10,000 meters (approximately 32,800 feet) of new wellbore (which may be vertical, horizontal or diagonal) and conduct other exploration activities during the initial term. The Company intends to commence its work program efforts once it receives all regular regulatory approvals of its work programs.

Turkey

The primary asset of the PPE Turkey Companies is the offshore production license called the South Akcakoca Sub-Basin ("SASB"). The Company now owns a 36.75% working interest in SASB. SASB has four producing fields, each with a production platform plus subsea pipelines that connect the fields to an onshore gas plant. The four SASB fields are located off the north coast of Turkey towards the western end of the Black Sea in water depths ranging from 60 to 100 meters. Gas is produced from Eocene age sandstone reservoirs at subsea depths ranging from 1100 to 1800 meters.

Park Place also acquired two other oil and gas assets: a 19.6% interest in the Cendere field, a producing oil field located in Central Turkey, and a 50% operated interest in the Bakuk gas field located near the Syrian border. The Bakuk field is shut-in with no plans to revive production in the near term.

7. Property and equipment

	Leasehold improvements	Other equipment	Total
January 1, 2017	\$ -	\$ -	\$ -
Expenditures	102,586	16,581	119,167
Depreciation	(20,517)	(873)	(21,390)
December 31, 2017	\$ 82,069	\$ 15,708	\$ 97,777

8. Note Receivable

In April 2015, the Company loaned \$38,570 to a Bulgarian company pursuant to a revolving credit facility, enabling such Bulgarian company to buy and manage land in Bulgaria to be leased by the Company for future well sites. The credit facility has a maximum loan obligation of BGN 1,000,000 (\$535,980 at December 31, 2016), bears interest at 6.32%, has a five-year term and is secured by the land the Bulgarian company buys. Payment on the facility is due the earlier of the end of the five-year term (April 6, 2020) or demand by the Company. As of December 31, 2017, and 2016, the outstanding balance on the receivable was \$46,109 and \$40,453, respectively.

9. Loans Payable

As at	December 31, 2017	December 31, 2016
Interest bearing loans	\$ 903,262	\$ 899,000
Non-interest-bearing loans	62,025	-
Total	\$ 965,287	\$ 899,000

Loans bearing interest, accrue at 10% per annum are all unsecured. All loans are due on demand. No interest has been inputted on the non-interest-bearing loans as it would be immaterial to the financial statements.

10. Asset Retirement Obligations

Asset retirement obligations (“AROs”) associated with the retirement of tangible long-lived assets are recognized as liabilities with an increase to the carrying amounts of the related long-lived assets in the period incurred. The fair value of AROs is recognized as of the acquisition date for business combination (see footnote 3). The cost of the tangible asset, including the asset retirement cost, is depleted over the life of the asset. AROs are recorded at estimated fair value, measured by reference to the expected future cash outflows required to satisfy the retirement obligations discounted at the Company’s credit-adjusted risk-free interest rate. Accretion expense is recognized over time as the discounted liabilities are accreted to their expected settlement value. If estimated future costs of AROs change, an adjustment is recorded to both the ARO and the long-lived asset. Revisions to estimated AROs can result from changes in retirement cost estimates, revisions to estimated inflation rates and changes in the estimated timing of abandonment. Our ARO is measured using primarily Level 3 inputs. The significant unobservable inputs to this fair value measurement include estimates of plugging costs, remediation costs, inflation rate and well life. The inputs are calculated based on historical data as well as current estimated costs.

The following is a description of the Company’s asset retirement obligations:

	December 31, 2017
Asset retirement obligations at beginning of year	\$ —
Additions	2,302,500
Accretion expense	224,759
Asset retirement obligations at end of year	\$ 2,527,259

11. Common Stock

For the year ended December 31, 2017

- In January 2017, the Company received subscriptions for 550,000 shares of common stock at \$0.20 per share for gross proceeds of \$110,000. The Company paid a finder fee of \$4,000 and 20,000 broker warrants. On January 17, 2017, the Company issued 5,075,000 shares of common stock for stock subscriptions received during 2017 and 2016. The Company paid a finder’s fee of \$4,000.
- On December 12, 2017, the Company closed a brokered private placement for 1,000,000 shares of common stock at \$0.10 per share for total proceeds of \$100,000. The Company paid a finder’s fee of \$4,985.
- During the year ended December 31, 2017, 887,422 restricted stock units vested and were issued.
- As part of a deposit toward the additional 12.25% of the South Akcakoca Sub Basin gas field, 1,000,000 shares were issued as a deposit. The shares were valued at the market rate of \$0.09 per share for a total value of \$90,000.

- (e) The Company issued restricted stock in the amount of 670,000 shares for services rendered. The shares were valued at \$0.12 based on the price of the stock at the close on the last trading day of the effective date of the contract. The fair value assigned was \$80,400.

For the year ended December 31, 2016

- (f) In March 2016, the Company received subscriptions for 250,000 shares of common stock at \$0.10 per share for total proceeds of \$25,000.
- (g) In April 2016, the Company received subscriptions for 500,000 shares of common stock at \$0.10 per share for total proceeds of \$50,000.
- (h) In April 2016, the Company issued 4,250,000 shares of common stock for the stock subscriptions received during 2015, the quarter ended March 31, 2016 and in April 2016.
- (i) In quarter ended December 31, 2016, the Company received subscriptions for 4,525,000 shares of common stock at \$0.20 per share for total proceeds of \$905,000.

12. Stock Options

Stock options (and other stock-based awards) have been issued pursuant to the Incentive Plans. The 2013 Plan permits grants of stock options, stock appreciation rights, restricted stock awards and other stock-based awards. Under the 2013 Plan, the maximum number of shares of authorized stock that may be delivered is 10% of the total number of shares of common stock issued and outstanding of the Company as determined on the applicable date of grant of an award under the 2013 Plan. Under the 2013 Plan, the exercise price of each option (or other stock-based award) shall not be less than the market price of the Company's stock as calculated immediately preceding the day of the grant. The vesting schedule for each option (or other stock-based award) shall be specified by the Board of Directors at the time of grant. The maximum term of options (or other stock-based award) granted is ten years or such lesser time as determined by the Board of Directors at the time of grant.

The following table summarizes the continuity of the Company's stock options:

Outstanding, December 31, 2015	2,250,000
Granted	165,000
Exercised	(300,000)
Expired	(850,000)
Outstanding, December 31, 2016	1,265,000
Granted	2,600,000
Exercised	-
Forfeited	(200,000)
Expired	(350,000)
Outstanding, December 31, 2017	3,315,000

As at December 31, 2017, all stock options have fully vested. The weighted average remaining life of the stock options are 2.99 years (December 31, 2016: 0.7). The weighted average exercise price at the year ended December 31, 2017 is \$0.14 (December 31, 2016: \$0.14). The aggregate intrinsic value of the stock options at December 31, 2017 is \$103,050 (December 31, 2016: \$173,450).

The fair values for stock options granted have been estimated using the Black-Scholes option pricing model assuming no expected dividends and the following weighted average assumptions:

	<u>2017</u>	<u>2016</u>
Risk-free interest rate	1.45%	1.10%
Expected life (in years)	2.5	3.0
Expected volatility	314%	330%
Weighted average fair value per share	\$ 0.11	\$ 0.11

The fair value of stock options vested during the year ended December 31, 2017 and 2016 was \$142,267 and \$5,696, respectively, that was recorded as stock-based compensation and included in general and administrative expenses. At December 31, 2017, the Company has no unrecognized compensation expense related to stock options.

13. Warrants

During the quarter ended March 31, 2016, the Company amended and restated the terms of the 11,000,000 stock purchase warrants with an exercise price of \$0.20 per share issued in 2013 to extend the expiration date one year from August 27, 2016 to August 27, 2017. No other conditions of the warrants were amended. The amended and restated warrants vested immediately. The Company recognized expense of \$3,421,501 related to the amendment and restatement of the warrants.

On January 17, 2017, the Company issued 5,395,000 stock purchase warrants with an exercise price of \$0.40 per share with an expiration date of January 17, 2018.

On March 27, 2017, the Company amended the expiration date on 5,500,000 of the 11,000,000 stock purchase warrants from August 27, 2017 to August 27, 2018. No other conditions of the warrants were amended. The Company recognized expense of \$278,870 related to the amendment of the warrants.

The following table summarizes the share purchase warrants:

	Number of warrants	Weighted average exercise price	Expire
Outstanding, December 31, 2016	11,000,000	\$ 0.20	2017
Issued	5,395,000	\$ 0.40	2018
Expired	(5,500,000)	\$ 0.20	
Outstanding, December 31, 2017	<u>10,895,000</u>	<u>\$ 0.30</u>	

14. Restricted Stock Units

No new RSU grants were issued in 2017. During 2016, the Company granted 593,796 restricted units ("RSUs") with vesting periods ranging from fourteen to nineteen months and a fair value of \$68,775 to officers of the Company. In addition, the Company extended the vesting date for 2,118,001 RSUs to April 30, 2017.

For the years ended December 31, 2017 and 2016, restricted stock expense recorded as stock-based compensation was \$7,294 and \$54,190, respectively, and capitalized stock-based compensation was \$8,214 and \$46,803, respectively.

	Number of restricted stock units	Weighted average fair value per award
Balance, December 31, 2015	2,118,001	\$ 0.18
Granted	593,796	\$ 0.15
Vested	–	–
Balance, December 31, 2016	2,711,797	\$ 0.17
Granted	–	\$ –
Forfeited	(1,265,049)	0.15
Vested	(1,446,748)	0.15
Balance, December 31, 2017	–	\$ –

On February 23, 2017, the Company changed the vesting date for the RSUs issued in 2014 to February 23, 2017 and changed the vesting date for the RSUs issued in 2015 to December 1, 2017.

559,326 RSUs owed to a consultant vested during the year and were not issued. These were settled for cash on April 1st, 2018 for \$37,463.

15. Related party transactions

At December 31, 2017, \$132,249 of accounts payable were to related parties as compared to \$212,738 at December 31, 2016. The amounts owed, and owing are unsecured, non-interest bearing, and due on demand.

16. Segment Information

During 2017, the Company's operations were in the resource industry in Bulgaria, and Turkey with head offices in the United States and a satellite office in Sofia, Bulgaria. The Company operated a few segments, a head office in Canada, an oil and gas operations in Turkey and its oil and gas properties are located in Bulgaria.

During the 2016, the Company operated as a single reportable segment and its oil and gas properties were only located in Bulgaria.

For the year ended December 31, 2017

	Bulgaria	North America	Turkey	Total
Revenue				
Oil and gas sales	\$ -	\$ -	\$ 3,883,059	\$ 3,883,059
Cost and expenses				
Production	-	-	2,814,672	2,814,672
Depletion	-	-	774,547	774,547
Depreciation	-	-	21,390	21,390
Accretion of asset retirement obligation	-	-	224,759	224,759
General and administrative	382	1,279,430	1,230,128	2,509,940
Total expenses	\$ 382	\$ 1,279,430	\$ 5,065,496	\$ 6,345,308
Loss before other income (expenses)	\$ (382)	\$ (1,279,430)	\$ (1,182,437)	\$ (2,462,249)
Other income (expenses)				
Interest expense	-	(84,208)	8,182	(76,026)
Foreign exchange loss	-	5,957	(21,469)	(15,512)
Other gain	-	-	63,023	63,023
Taxes	-	(11,767)	-	(11,767)
Gain on bargain purchase option	-	15,695	-	15,695
Total other income (expense)	\$ -	\$ (74,323)	\$ 49,736	\$ (24,587)
Net loss	\$ (382)	\$ (1,353,753)	\$ (1,132,701)	\$ (2,486,836)
Long Lived Assets	-	-	2,737,340	2,737,340

17. Income Taxes

The Company has net operating losses carried forward of \$13,772,292 available to offset taxable income in future years which expire beginning in fiscal 2024.

The Company is subject to United States federal and state income taxes at a rate of 34%. The reconciliation of the provision for income taxes at the United States federal statutory rate compared to the Company's income tax expense as reported is as follows:

	2017	2016
Benefit at statutory rate	\$ (845,524)	\$ (1,359,691)
Permanent differences and other:	-	237
Change in tax rates	2,383,436	
Valuation allowance change	(1,537,912)	1,359,454
Income tax provision	\$ -	\$ -

The significant components of deferred income tax assets and liabilities as at December 31, 2017 and 2016 are as follows:

	2017	2016
Net operating losses carried forward	\$ 2,892,181	\$ 4,010,057
Oil and gas properties	77,556	125,566
Stock compensation expense	880,197	1,252,079
Other	233	377
Total deferred income tax assets	<u>3,850,167</u>	<u>5,388,079</u>
Valuation allowance	<u>(3,850,167)</u>	<u>(5,388,079)</u>
Net deferred income tax asset	<u>\$ -</u>	<u>\$ -</u>

18. Subsequent Events

On February 28, 2018, Park Place Energy Inc. closed a private placement with the issuance of 11,750,000 shares of common stock, with each common share having ½ of one share purchase warrant attached, resulting in the issuance of 5,875,000 share purchase warrants. Each whole share purchase warrant is exercisable for a period of 24 months at an exercise price of \$0.30 per share of common stock. Of the shares issued, 7,550,000 were issued to fourteen investors at a price of \$0.10 per share for gross proceeds of \$755,000, and 4,200,000 shares were issued in settlement of debts in the amount of \$420,000 with two creditors.

On February 20, 2018, Park Place Energy Inc. acquired an additional 12.25% of the South Akcakoca Sub Basin (“SASB”) gas field bringing our total interest to 49%. The purchase price for the additional interest was US\$265,000 and 1.5 million shares of the company’s common stock. 1 million were previously issued and disclosed in note 11(d) and a further 500,000 shares were issued subsequent to year end and fair valued at \$67,500. The company completed the purchase on February 8, 2018. Approval was received by regulators in late 2017, thereby allowing for the acquisition to proceed. The Company issued 1.5 million common shares as consideration for the acquisition.

On March 5, the Company settled note payables of \$250,000 for 2,500,000. The market price of the stock on the date of settlement was \$0.141 and loss of \$102,500 was recorded.

On June 20, 2018, Park Place Energy Inc. closed a private placement with the issuance of 2,000,000 shares of common stock at \$0.10 per common share with each common share having ½ of one share purchase warrant attached, resulting in the issuance of 1,000,000 share purchase warrants. Each whole share purchase warrant is exercisable for a period of 24 months at an exercise price of \$0.30 per share of common stock. We issued the above 2,000,000 common shares to five (5) non-US persons (as that term is defined in Regulation S of the Securities Act of 1933) in an offshore transaction relying on Regulation S of the Securities Act of 1933, as amended. See 8-k dated June 20, 2018

On July 10, 2018 the Company closed a private placement with the issuance of 1,500,000 shares of common stock at \$0.10 per common share with each common share having ½ of one share purchase warrant attached, resulting in the issuance of 1,000,000 share purchase warrants. Each whole share purchase warrant is exercisable for a period of 24 months at an exercise price of \$0.30 per share of common stock. We are obligated to issue 1,500,000 common shares to eight (8) non-US persons (as that term is defined in Regulation S of the Securities Act of 1933) in an offshore transaction relying on Regulation S of the Securities Act of 1933, as amended.

Supplemental Information

(unaudited)

Supplemental oil and natural gas reserves information (unaudited)

As required by the FASB and the SEC, the standardized measure of discounted future net cash flows (the “Standardized Measure”) presented below is computed by applying first-day-of-the-month average prices, year-end costs and legislated tax rates and a discount factor of 10% to proved reserves. We do not believe the Standardized Measure provides a reliable estimate of our expected future cash flows to be obtained from the development and production of its oil and natural gas properties or of the value of its proved oil and natural gas reserves. The Standardized Measure is prepared on the basis of certain prescribed assumptions including first-day-of-the-month average prices, which represent discrete points in time and therefore may cause significant variability in cash flows from year-to-year as prices change.

Users of this information should be aware that the process of estimating quantities of proved and proved developed oil and natural gas reserves is very complex, requiring significant subjective decisions in the evaluation of all available geological, engineering and economic data for each reservoir. The data for a given reservoir also may change substantially over time as a result of numerous factors, including additional development activity, evolving production history and continual reassessment of the viability of production under varying economic conditions. Consequently, revisions to existing reserves estimates may occur from time to time. Although every reasonable effort is made to ensure reserves estimates reported represent the most accurate assessments possible, the subjective decisions and variances in available data for various reservoirs make these estimates generally less precise than other estimates included in the financial statement disclosures. Proved reserves are those quantities of oil and natural gas that by analysis of geoscience and engineering data can be estimated with reasonable certainty to be economically producible—from a given date forward, from known reservoirs, and under existing economic conditions, operating methods and government regulations—prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time. We engaged GLJ Petroleum Consultants to prepare our reserves estimates in Turkey.

The following unaudited schedules are presented in accordance with required disclosures about oil and natural gas producing activities to provide users with a common base for preparing estimates of future cash flows and comparing reserves among companies.

All of our proved reserves are located in Turkey and all prices are held constant in accordance with SEC rules.

Oil and natural gas prices used to estimate reserves were computed by applying the volume-weighted, arithmetic average of the closing price on the first day of each month for the 12-month period prior to December 2017, 2016 and 2015. The oil and natural gas prices used to estimate reserves are shown in the table below.

	12- Month Average Price	
	Oil per (Bbl)	Natural Gas per (Mcf)
Turkey		
2017	\$ 51.69	\$ 3.00
2016	\$ 44.68	\$ 2.57
2015	\$ 50.82	\$ 2.67

The following table sets forth our estimated net proved reserves, including changes therein, and proved developed reserves:

Disclosure of reserves quantities

	Oil per (Bbl)	Gas per (Mcf)	Oil per Boe
Proved producing reserves			
January 1, 2017	-	-	-
Purchased	220,400	1,029,300	391,950
Production	(45,030)	(292,359)	(93,757)
Revisions of estimates	24,630	-	24,630
December 31, 2018	<u>200,000</u>	<u>736,941</u>	<u>322,824</u>
Proved developed reserves			
December 31, 2018			
Proved developed producing	200,000	736,941	322,824
Proved developed non-producing	7,000	-	7,000
Total	<u>207,000</u>	<u>736,941</u>	<u>329,824</u>

Standardized measure of discounted future net cash flows

The Standardized Measure relating to estimated proved reserves as of December 31, 2017 is shown in the table below. In our calculation of Standardized Measure, we have utilized statutory tax rates of 20% for Turkey. GLJ Petroleum Consultants did not estimate the Standardized Measure or future income tax expense.

	(in thousands)
As of and for the year ended December 31, 2017	
Future cash inflows	\$ 13,668
Future production costs	(8,834)
Future development costs	-
Future income tax expense	(966)
Future net cash flows	<u>3,868</u>
10% annual discount for estimated timing of cash flows	(1,033)
Standardized measure of discounted future net cash flows related to proved reserves	\$ 2,835

A summary of the changes in the standardized measure of discounted future net cash flows applicable to proved oil and natural gas reserves is as follows:

	(in thousands)
Balance, beginning of period	-
Additions during the year	3,414
Net change in sales and transfer prices and in production (lifting) costs related to future production	663
Sales and transfers of oil and gas produced during the period	(1,076)
Accretion of discount	63
Other	683
Net change in income taxes	(912)
Balance, end of period	<u>\$ 2,835</u>

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS AND FINANCIAL DISCLOSURE

None

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We carried out an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of December 31, 2017 (the "Evaluation Date"). This evaluation was carried out under the supervision and with the participation of our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"). Based upon that evaluation, we concluded that our disclosure controls and procedures were effective.

Therefore, we believe that our consolidated financial statements contained in our Form 10-K for the year ended December 31, 2017 fairly present our financial condition, results of operations and cash flows in all material respects.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the three months ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2017. In making this assessment, management used the criteria set forth in by the Committee of Sponsoring Organizations of the Treadway Commission (the 2013 Framework) (COSO) in "*Internal Control - Integrated Framework*". Based on this assessment, our management concluded that, as of December 31, 2017, our internal control over financial reporting was effective based on those criteria.

This Annual Report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Our management's report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the Commission that permit us to provide only the management's report in this Annual Report.

ITEM 9B. OTHER INFORMATION

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors and Executive Officers

The following table and information that follows sets forth the names and positions of our directors and executive officers as at December 31, 2017:

<u>Name</u>	<u>Current Office with Company</u>	<u>Since</u>
Arthur Halleran	President, Chief Executive Officer, Director	Director since October 4, 2011, President and CEO since September 2017
David M. Thompson	Chief Financial Officer	Director since October 29, 2013, CFO since September 2017

Dr. Arthur Halleran - President and Chief Executive Officer, Director

Dr. Halleran has been a director since October 4, 2011 and CEO since August, 2017. Dr. Halleran has a Ph.D. in Geology from the University of Calgary, and has 33 years of international petroleum exploration experience. His international experience includes work in countries such as Canada, Colombia, Egypt, India, Guinea, Sierra Leone, Sudan, Suriname, Chile, Brazil, Pakistan, Peru, Tunisia, Trinidad Tobago, Argentina, Ecuador and Guyana. Dr. Halleran's experience includes work with Petro-Canada, Chevron, Rally Energy, Canacol Energy, United Hunter Oil and Gas Corp. and United Hydrocarbon International Corp. In 2007, Dr. Halleran founded Canacol Energy Ltd., a company with petroleum and natural gas exploration and development activities in Colombia, Brazil and Guyana, where he served as vice president of exploration. Previously, Dr. Halleran was a consulting geologist for Rally Energy Corp. (Egypt), which discovered prolific reservoirs in Egypt. Dr. Halleran currently serves as Vice President of Exploration & Development for United Hydrocarbon International Corp., a company with oil interests in Chad, Africa. Dr. Halleran was appointed as a director of the Company to provide technical expertise and oversight to the Dobrudja Basin gas project in Bulgaria. His education and technical experience in the energy sector are valuable to our Company.

David M. Thompson – Chief Financial Officer, Director

Mr. Thompson has 30 years of financial experience in the oil and gas industry. He successfully founded an oil trading company in Bermuda with offices in the U.S. and Europe (Geneva, Moscow and Amsterdam). He was responsible for that company's production operations in Turkmenistan and successfully raised over \$100 million in equity. Mr. Thompson also negotiated the farm-out of a number of company assets. Mr. Thompson is Managing Director of AMS Limited, a Bermuda based Management Company. In the past he served as Founder, President and CEO of Sea Dragon Energy Inc. (TSX:V), Chief Financial Officer of Aurado Energy, Chief Financial Officer of Forum Energy Corporation (OTC), Financial Director of Forum Energy Plc (AIM) and Senior Vice President at Larmag Group of Companies. Mr. Thompson is a Certified Management Accountant (1998). He currently also serves as a Director of United Hydrocarbon International Corp.

Term of Office

All of our directors hold office until the next annual shareholders meeting or until their successors are elected and qualified. Our officers are appointed by our Board of Directors and hold office until their earlier death, retirement, resignation or removal.

Significant Employees

Kubilay Yildirim – General Manager (Turkey) – Age 43

Mr. Yildirim has over the past 20 years had hands on experience in drilling, production, seismic acquisition, and logistics for both onshore and offshore projects in Turkey. He has spent most of career with this company and its predecessor companies: Madison, Toreador and Tiway. He has also been involved in sales and divestitures of assets and has taken on significantly more managerial positions until being promoted to General Manager in 2009. Mr. Yildirim has a degree in Petroleum and Natural Gas Engineering from Middle East Technical University and an MBA from Bilgi University in Istanbul.

Ozge Karalli – Finance Director (Turkey) – Age 42

Mrs. Karalli began her career in Deloitte as tax compliance auditor where she was also audit senior and supervisor between 1998 and 2004. She joined Toreador in 2004 as Accounting Manager and Financial Controller, before becoming the Finance Director of Tiway Oil in 2010. Mrs. Karalli has a Bachelor of Economics degree from Bilkent University and has been a Chartered Public Accountant in Turkey since 2002 and qualified for independent auditor's certificate in 2015.

Family Relationships

There are currently no family relationships between any of the members of our Board of Directors or our executive officers.

Committees of the Board of Directors

Our Company does not currently have any committees of our Board of Directors.

Involvement in Certain Legal Proceedings

There are currently no legal proceedings to which any of our directors or executive officers is a party adverse to us or in which any of our directors or executive officers has a material interest adverse to us.

Compliance with Section 16 of the Securities Exchange Act

Section 16(a) of the Exchange Act requires the executive officers and directors, and persons who beneficially own more than ten percent (10%) of our equity securities ("10% shareholders"), to file reports of ownership and changes in ownership with the Commission. Executive officers, directors and 10% shareholders are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file. We have received copies of such forms from our executive officers and directors. During the fiscal year ended December 31, 2017, these filings were made on a timely basis by our executive officers, directors and 10% shareholders, except as follows.

ITEM 11. EXECUTIVE COMPENSATION

Summary Compensation Table

Particulars of compensation awarded to, earned by or paid during the last two fiscal years to:

- (a) the person(s) serving as our Company's principal executive officer during the year ended December 31, 2017;
- (b) each of our company's two most highly compensated executive officers, other than the principal executive officer, who were serving as executive officers at the end of the year ended December 31, 2017, and whose total compensation exceeds \$100,000 per; and

(individually a "Named Executive Officer" and collectively the "Named Executive Officers") are set out in the summary compensation table below.

Name and Principal Position	Year	Salary and management fees	Bonus	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Non-qualified Deferred Compensation Earnings	All Other Compensation	Total
		(\$)	(\$)	(\$)	(\$) ⁽¹⁾	(\$)	(\$)	(\$)	(\$)
Arthur Halleran President & CEO	2017	24,000	-	33,600	59,240	-	-	-	116,840
	2016	-	-	-	-	-	-	-	-
David M. Thompson Chief Financial Officer	2017	16,000	-	30,000	35,544	-	-	-	81,544
	2016	-	-	-	-	-	-	-	-
Scott C. Larsen Past President & CEO	2017	22,100	-	16,942	-	-	-	-	39,042
	2016	156,000	-	61,800	-	-	-	-	217,800
Charles Michel Past Chief Financial Officer	2017	-	-	-	-	-	-	-	-
	2016	36,600	-	-	-	-	-	-	36,600

Notes

(1) This column represents the grant date fair value of stock options (or other stock-based awards) granted.

Outstanding Equity Awards as of December 31, 2017

The following table summarizes the outstanding equity awards as of December 31, 2017 for each of our Named Executive Officers:

Name	Option Awards				Stock Awards				
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Rights That Have Not Vested (\$)
Scott C. Larsen*	600,000	-	-	0.10	July 10, 2018	-	-	-	-
	400,000	-	-	-	March 26, 2021	-	-	655,046	101,582
Arthur Halleran**	50,000	-	-	0.14	March 31, 2018	-	-	-	-
	50,000	-	-	0.10	January 21, 2019	-	-	-	-
	100,000	-	-	0.18	March 26, 2021	-	-	-	-
David M. Thompson**	500,000	-	-	0.12	September 15, 2022	-	-	-	-
	50,000	-	-	0.14	March 31, 2018	-	-	-	-

50,000	-	-	0.10	January 21, 2019	-	-	-	-
100,000	-	-	0.18	March 26, 2021	-	-	-	-
300,000	-	-	0.12	September 15, 2022	-	-	-	-

*Held through Larsen Energy Consulting Inc.

**Includes management and board options

OPTION EXERCISES AND STOCK VESTED

Name	Stock awards	
	Number of shares acquired on vesting (#)	Value realized on vesting (\$)
Scott C. Larsen Past President & CEO	203,571	16,942

Compensation of Directors

DIRECTOR COMPENSATION

Name	Fees earned or paid in cash (\$)	Stock awards (\$)	Option awards (\$)	Non-equity incentive plan compensation (\$)	Change in pension value and nonqualified deferred compensation earnings	All other compensation (\$)	Total (\$)
Arthur Halleran	9,000	-	-	-	-	-	9,000
David M. Thompson	9,000	-	-	-	-	-	9,000
Ijaz Khan	9,000	-	-	-	-	-	9,000

Name	Option Awards				Stock Awards					
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Number of Unearned	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
Ijaz Kahn	50,000	-	-	0.235	1-1- 2017	-	-	-	-	-
	50,000	-	-	0.14	3-31- 2018	-	-	-	-	-
	50,000	-	-	0.10	1-21- 2019	-	-	-	-	-

Employment Contracts and Termination of Employment and Change-In-Control Arrangements

On November 1, 2013 (as amended on August 1, 2014 and March 27, 2015), the Company entered into an agreement with the Scott Larsen, the then President of the Company and a company controlled by the President of the Company with a term of two years effective September 1, 2013. The term continues now on a month-to-month basis. Pursuant to the agreement as amended, the Company is to pay \$18,000 per month, with \$5,000 of such monthly consulting fees being paid in RSUs to the President of the Company. The pricing for such RSUs will be determined based on the average closing price of the Company's common shares for the last ten days of the calendar quarter in which such RSUs accrued. The agreement had provided for certain additional compensation if certain money raising milestones were met; those provisions have expired according to their terms. Mr. Larsen resigned on July 17, 2017.

Mr. Charles Michel resigned on July 17, 2017 as CFO.

On September 18, 2017, the Company entered into an agreement with Arthur Halleran to act as CEO. Pursuant to the agreement, the Company shall issue 280,000 shares for payment of wages for the first three months of service, Halleran shall be paid a monthly salary of \$6,000 in arrears with the option to convert wages payable to Park Place shares at the average of the 10 day Market Price preceding the end of the month the wages are payable. For the period following the month during which the \$1,000,000 Capital Raise is completed, a monthly salary of \$10,000 payable monthly in arrears with the option to convert wages payable to shares at the average of the 10-day Market Price preceding the end of the month the wages are payable. Subject to a capital raise great than \$5,000,000, the CEO shall be paid a monthly salary of \$13,000 per month. As a signing bonus, the CEO was issued 500,000 stock options, exercisable for a period of 5 years from the date of issuance at an exercise price of \$0.12 per share. On each of the anniversary of the agreement, the Company shall issue 100,000 fully vested RSUs, so long as the agreement remains in effect. If during the term of this Agreement the Company completes any cash financing of \$5,000,000 the Company shall issue to Halleran 250,000 fully vested RSUs for each \$5,000,000 raised.

On September 18, 2017, the Company entered into an agreement with David Thompson to act as CFO. Pursuant to the agreement, the Company shall issue 250,000 shares for payment of wages for the first three months of service, Thompson shall be paid a monthly salary of \$4,000 in arrears with the option to convert wages payable to Park Place shares at the average of the 10 day Market Price preceding the end of the month the wages are payable. For the period following the month during which the \$1,000,000 Capital Raise is completed, a monthly salary of \$8,000 payable monthly in arrears with the option to convert wages payable to shares at the average of the 10-day Market Price preceding the end of the month the wages are payable. Subject to a capital raise great than \$5,000,000, the CEO shall be paid a monthly salary of \$10,000 per month. As a signing bonus, the CFO was issued 300,000 stock options, exercisable for a period of 5 years from the date of issuance at an exercise price of \$0.12 per share. On each of the anniversary of the agreement, the Company shall issue 75,000 fully vested RSUs, so long as the agreement remains in effect. If during the term of this Agreement the Company completes any cash financing of \$5,000,000 the Company shall issue to Thompson 200,000 fully vested RSUs for each \$5,000,000 raised.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS

The following table sets forth information as of December 31, 2017 regarding the beneficial ownership of our common stock by:

- each person who is known by us to beneficially own more than 5% of our shares of common stock known to us; and
- each Named Executive Officer, each director and all of our directors and Named Executive Officers as a group.

The number of shares beneficially owned and the percentage of shares beneficially owned are based on 50,281,482 shares of common stock outstanding as of December 31, 2017.

For the purposes of the information provided below, (i) shares that may be issued upon the exercise or conversion of options, warrants and other rights to acquire shares of our common stock that are exercisable or convertible within 60 days following December 31, 2017, are deemed to be outstanding and beneficially owned by the holder for the purpose of computing the number of shares and percentage ownership of that holder, but are not deemed to be outstanding for the purpose of computing the percentage ownership of any other person.

Name and Address of Beneficial Owner	As of December 31, 2017	
	Shares	Percent ⁽¹⁾
Parvez Tyab Family Trust 1034-55 Stewart St. Toronto, Ontario, Canada	7,034,791 ⁽²⁾	14.0
Aura Oil Holdings Ltd. 2 nd Floor 25 Church Street Hamilton, Bermuda	7,300,000 ⁽²⁾	14.5
World Upstream Energy DMMC PO Box 76326, Dubai, UAE	4,000,000 ⁽²⁾	7.7
Arthur Halleran PO Box 1476, 6189 Lind Lake Pit Rd, Fort St. James, BC, V0J 1P0	450,000 ⁽²⁾	0.9
David Thompson 2200 Ross Ave., Suite 4500E, Dallas, TX 75201	750,000 ⁽²⁾	1.4
Named Executive Officers and Directors as a Group	3,650,000 ⁽³⁾	7.0

Notes

- (1) Under Rule 13d-3, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares: (i) voting power, which includes the power to vote, or to direct the voting of shares; and (ii) investment power, which includes the power to dispose or direct the disposition of shares. Certain shares may be deemed to be beneficially owned by more than one person (if, for example, persons share the power to vote or the power to dispose of the shares). In addition, shares are deemed to be beneficially owned by a person if the person has the right to acquire the shares (for example, upon exercise of an option) within 60 days of the date as of which the information is provided. In computing the percentage ownership of any person, the amount of shares outstanding is deemed to include the number of shares beneficially owned by such person (and only such person) by reason of these acquisition rights. As a result, the percentage of outstanding shares of any person as shown in this table does not necessarily reflect the person's actual ownership or voting power with respect to the number of common shares actually outstanding on December 31, 2017.
- (2) Includes warrants, restricted stock units and/or options to acquire common stock exercisable within 60 days, as follows: Parvez Tyab Family Trust – 2,200,000 warrants; Aura Oil Holdings Ltd. – 300,000 warrants; Cardero Holdings Ltd – 2,000,000 warrants; Century House Holdings Limited – 3,500,000 warrants; World Upstream Energy DMMC – 2,000,000 warrants; Scott C. Larsen – 500,000 warrants and 600,000 options; Arthur Halleran – 150,000 options; Ijaz Khan - 250,000 warrants and 150,000 options; David Thompson – 250,000 warrants and 150,000 options. Each warrant is exercisable into one share of the Company's common stock for a period of 48 months from August 30, 2013 at a price of \$0.20 per share.
- (3) Includes 600,000 options held by Larsen Energy Consulting Inc.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Except for the transactions described herein, since the beginning of our last two fiscal years, none of our directors, executive officers or principal shareholders, nor any associate or affiliate of the foregoing, has any material interest, direct or indirect, in any transaction, or in any proposed transaction, in which our Company was or is to be a participant and in which the amount involved exceeds the lesser of \$120,000 or one percent (1%) of the average of our total assets at year-end for the last two completed fiscal years.

Related party transactions are in the normal course of operations, occurring on terms and conditions that are similar to those of transactions with unrelated parties.

Compensatory Arrangements

Compensation to all officers of the Company is paid through consulting agreements described under “Executive Compensation.” We have no other transactions, directly or indirectly, with our promoters, directors, executive officers, which have materially affected or will materially affect us.

Director Independence

No directors are considered independent directors under SEC rules and as defined by Rule 5605(a)(2) of the NASDAQ Marketplace Rules. Director Halleran and Thompson are not considered an independent director under those rules.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Saturna and Whitley Penn LLP (“Whitley Penn”) performed the services listed below and was paid the fees listed below for the fiscal years ended December 31, 2017 and December 31, 2016:

Audit Fees

	<u>2017</u>	<u>2016</u>
Whitley Penn	\$ 90,414	\$ 30,179

Audit fees consist of fees billed for professional services rendered for the audits of our financial statements, reviews of interim financial statements included in quarterly reports, services performed in connection with filings with the SEC and related comfort letters and other services that are normally provided by Whitley Penn in connection with statutory and regulatory filings or engagements.

Audit Related Fees

	<u>2017</u>	<u>2016</u>
Whitley Penn	None	None

Tax Fees

	<u>2017</u>	<u>2016</u>
Whitley Penn	\$ 10,720	\$ 6,975

Tax Fees consist of fees billed for professional services for tax compliance, tax advice and tax planning. These services include assistance regarding federal, state and local tax compliance and consultation in connection with various transactions and acquisitions.

All Other Fees

	<u>2017</u>	<u>2016</u>
Whitley Penn	None	None

Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditors

Our entire Board of Directors acts as our audit committee and has assumed responsibility for the pre-approval of audit and permitted non-audit services to be performed by our Company's independent auditor. The audit committee will, on an annual basis, consider and, if appropriate, approve the provision of audit and non-audit services by the Company's independent auditor. Thereafter, the audit committee will, as necessary, consider and, if appropriate, approve the provision of additional audit and non-audit services by the Company's independent auditor that are not encompassed by the audit committee's annual pre-approval and are not prohibited by law.

PART IV

ITEM 15. EXHIBITS

Certificate of Incorporation and Bylaws

- 3.1 [Certificate of Incorporation^{\(1\)}](#)
- 3.2 [Amended and Restated Bylaws^{\(1\)}](#)

Material Contracts

- 10.01 Larsen Energy Consulting Inc. Agreement dated May 1, 2013 ⁽²⁾
- 10.03 Larsen Energy Consulting Inc. Agreement dated November 1, 2013 ⁽³⁾
- 10.04 De-registration of 2007 stock option plan dated December 27, 2013 ⁽⁴⁾
- 10.05 2011 Stock option plan dated November 21, 2011 ⁽⁵⁾
- 10.06 2013 Long-Term Equity Incentive Plan effective October 29, 2013 ⁽⁶⁾
- 10.07 First Amendment to the Larsen Energy Consulting Inc. Agreement dated August 1, 2014 ⁽⁷⁾

Subsidiaries of the Small Business Issuer

- 21.1 [Subsidiaries of Small Business Issuer:](#)

Certifications

- 31.1 [Certification of Chief Executive Officer pursuant to Rule 13a-14 and Rule 15d-14\(a\), promulgated under the Securities and Exchange Act of 1934, as amended](#)
- 31.2 [Certification of Chief Financial Officer pursuant to Rule 13a-14 and Rule 15d-14\(a\), promulgated under the Securities and Exchange Act of 1934, as amended](#)
- 32.1 [Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)

XBRL

- 101 The Company's Consolidated Financial Statements and related Notes for the year ended December 31, 2015 from this Annual Report on Form 10-K, formatted in XBRL (eXtensible Business Reporting Language)

Notes

- (1) Incorporated by reference from our Current Report on Form 8- A12G filed with the SEC on November 13, 2015.
- (2) Incorporated by reference from our Current Report on Form 8-K, filed with the SEC on July 18, 2013.
- (3) Incorporated by reference from our Current Report on Form 8-K, filed with the SEC on November 7, 2013.
- (4) Incorporated by reference from our Current Report on Form 8-K, filed with the SEC on January 17, 2014.
- (5) Incorporated by reference from our Current Report on Form 8-K, filed with the SEC on November 25, 2011.
- (6) Incorporated by reference from our Schedule 14A filed on September 27, 2013.
- (7) Incorporated by reference from our Current Report on Form 8-K, filed with the SEC on August 6, 2014.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PARK PLACE ENERGY INC.

By: /s/ Arthur Halleran

Arthur Halleran

President, Chief Executive Officer and a Director

Date: August 10, 2018

In accordance with the Securities Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

PARK PLACE ENERGY INC.

By: /s/ Arthur Halleran

Arthur Halleran

President, Chief Executive Officer and a Director

Date: August 10, 2018

By: /s/ David Thompson

David Thompson

Chief Financial Officer

Date: August 10, 2018

By: /s/ Arthur Halleran

Arthur Halleran

Director

Date: August 10, 2018