

29 June 2018

Angus Energy Plc
("Angus Energy", "Angus" or the "Company")

Interim Accounts for the six months ended 31 March 2018

Angus Energy is pleased to announce its interim accounts for the six months ended 31 March 2018 as set out below. A copy of the Interims is available on the Company's website www.angusenergy.co.uk.

Chairman's Statement

Dear shareholders,

It is with great pleasure to share with you the interim results for the six months ended 31 March 2018.

Operational Highlights

- On 13 October 2017 the Company completed the drilling of the Lidsey-X2 production well which was subsequently brought on-stream on 17 November 2017.
- On 23 October 2017 the Company received final approval from the Oil and Gas Authority for its Field Development Plan Addendum at the Brockham Oil Field.
- On 22 January 2018 the Company entered into a definitive agreement to form a new partnership ("Partnership") with Cuadrilla Balcombe Limited ("Cuadrilla") and Lucas Bolney Limited ("Lucas"). Subject to satisfaction of the terms of the agreement, the Company will join the partnership through the acquisition of a 25.0% interest in licence PEDL244 (the "Acquisition") which includes the entire Balcombe Field discovery.
- In March 2018 the Company resumed continuous production from the Portland Reservoir via the BR-X2Y well at the Brockham oil field, as well as from the Great Oolite Reservoir at the Lidsey oil field from the Lidsey-X1 in February 2018. Following replacement of the Lidsey-X2 pump in March 2018, the Company has three conventional wells in production from its Lidsey and Brockham oil fields but, given ongoing work to improve production levels, with certain days of suspended production. The Company will update shareholders as and when material changes in current production rates have been achieved over a consistent period.

Financial Highlights

- On 23 November 2017 the Company raised gross proceeds of £3,000,000 through the issuance of 23,076,924 new ordinary shares of £0.002 each in its share capital.
- On 9 February 2018 the Company raised gross proceeds of £2,000,000 by way of private placing of 33,333,334 new ordinary shares of £0.002 each in its share capital.
- On 23 April the Company issued a £3 million unsecured convertible security at an interest rate of 0%
- Oil sales during the period was approximately £34,000. of which £19,000 was recognised by the group. A total of 706 bbls produced related to the Lidsey-X2 well test, therefore not commercial production. Daily production recommenced on 31 March.
- As at 31 March 2018 the Company had cash of £1.267m

- As at 31 March 2018 the Company had net current assets of £2.047m

Brockham Oil Field

On 25 October 2017 the Company received a letter from the Surrey County Council suggesting that the Company submit a planning application for the operations at the Brockham Oil Field associated with well BR-X4 and its inclusive sidetrack BR-X4Z. This is the first formal request or formal notice received by Angus Energy either prior to or in the 7 months since 9 March 2017. Angus Energy's guidance from its RNS 23 October 2017, 22 September 2017 and 11 May 2017 remains unchanged.

After a careful and considered review, the Management team and Board of Directors of Angus Energy will, as Operator of the license, submit a normalisation application for the continued surface activities of the production plant required for well BR-X4 and notably, its inclusive sidetrack BR-X4Z. The Board has determined this application - submitted without prejudice - is a prudent and pragmatic step in the best interests of all stakeholders.

Outlook

Angus Energy is fully focused on maximising production from all assets in our portfolio. Production from the Group's conventional reservoirs at Brockham and Lidsey will be complemented by the upcoming 7-day well test of the Balcombe-2z well and, subject to SCC approval of the normalisation application (the application has been submitted and the company has been advised the council will review it on 08 August 2018), first commercial production from the Kimmeridge layers at Brockham (Brockham -X4Z).

We remain committed to managing our cash resources and exposure to risk carefully whilst reviewing opportunities that add long term shareholder value. Each and every day, our professional team will continue to work tirelessly on your behalf.

All operations are performed through conventional production. There will be no hydraulic fracturing or "fracking".

Jonathan Tidswell-Pretorius

Executive Chairman

29 June 2018

END.

Enquiries:

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About Angus Energy plc.

Angus Energy plc. is a UK AIM quoted independent onshore oil and gas production and development company focused on leveraging its expertise to advance its portfolio of UK assets as well as acquire, manage and monetise select projects. Angus Energy majority owns and operates conventional oil production fields at Brockham (PL 235) and Lidsey (PL 241) and has a 25% interest in the Balcombe Licence (PEDL244) plus a 12.5% interest in the Holmwood licence (PEDL143).

Further information is available on the company website: www.angusenergy.co.uk

The Interims are set out below:

ANGUS ENERGY PLC CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the period ended 31 March 2018

	Six months 31 March 2018 Unaudited £'000	Six months 31 March 2017 Unaudited £'000
Revenue	19	-
Cost of sales	<u>(72)</u>	<u>(36)</u>
Gross loss	(53)	(36)
Administrative expenses	<u>(1,043)</u>	<u>(939)</u>
Operating loss	(1,096)	(975)
Loss on disposal of AFS financial investment	-	(10)
Finance income	<u>3</u>	<u>-</u>
Loss on ordinary activities before taxation	(1,093)	(985)
Income tax expense	<u>-</u>	<u>-</u>
Loss for the period attributable to the equity holder of the Company	<u>(1,093)</u>	<u>(985)</u>
<u>Other comprehensive income</u>		
Items that will or may be reclassified to profit or loss:		
AFS financial investment – change in fair value	-	(27)
Less: amount reclassified to profit or loss	<u>-</u>	<u>10</u>
Total comprehensive loss for the period attributable to the equity holder of the Company	<u>(1,093)</u>	<u>(1,002)</u>
Loss per share (EPS):	£	£
Basic and diluted (whole £'s)	<u>(0.004)</u>	<u>(0.005)</u>

ANGUS ENERGY PLC
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2018

		As at 31 March 2018 Unaudited £'000	As at 31 March 2017 Unaudited £'000	As at 30 September 2017 Audited £'000
Non-current assets				
Property, plant and equipment	5	59	16	13
Exploration and evaluation assets	6	2,369	65	155
Oil production assets	7	4,415	2,329	2,843
		<u>6,843</u>	<u>2,410</u>	<u>3,011</u>
Current assets				
Trade receivables and other receivables	8	780	932	739
Cash and bank balances		1,267	2,296	1,224
		<u>2,047</u>	<u>3,228</u>	<u>1,963</u>
Total Assets		<u>8,890</u>	<u>5,638</u>	<u>4,974</u>
Current liabilities				
Trade payables and other payables	9	481	498	322
		<u>481</u>	<u>498</u>	<u>322</u>
Non-current liabilities				
Provisions		500	500	500
		<u>500</u>	<u>500</u>	<u>500</u>
Equity				
Share capital	11	595	468	481
Share premium	11	10,489	5,367	5,753
Merger reserve	11	(200)	(200)	(200)
Accumulated loss		(2,975)	(995)	(1,882)
		<u>7,909</u>	<u>4,640</u>	<u>4,152</u>
Total Equity and Liabilities		<u>8,890</u>	<u>5,638</u>	<u>4,974</u>

ANGUS ENERGY PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ended 31 March 2018

	Share Capital £'000	Share premium £'000	Merger Reserve £'000	Other reserve £'000	Retained Earnings £'000	Total equity £'000
Balance at 1 October 2016	300	45	(200)	17	(10)	152
Loss for the period	-	-	-	-	(985)	(985)
AFS financial investment – change in fair value	-	-	-	(27)	-	(27)
Less: amount reclassified to profit or loss	-	-	-	10	-	10
Total comprehensive income for the period	-	-	-	(17)	(985)	(1,002)
Issue of shares	168	5,683	-	-	-	5,851
Less: issuance cost	-	(361)	-	-	-	(361)
Balance at 31 March 2017	468	5,367	(200)	-	(995)	4,640
Balance at 1 October 2016	300	45	(200)	17	(10)	152
Loss for the year	-	-	-	-	(2,612)	(2,612)
AFS financial investment – change in fair value	-	-	-	(27)	-	(27)
Less: amount reclassified to profit or loss	-	-	-	10	-	10
Total comprehensive income for the year	-	-	-	(17)	(2,612)	(2,629)
Transaction with owners:						
Issue of shares	181	6,069	-	-	-	6,250
Less: issuance cost	-	(361)	-	-	-	(361)
Granted of share option	-	-	-	-	740	740
Balance at 30 September 2017	481	5,753	(200)	-	(1,882)	4,152
Loss for the period	-	-	-	-	(1,093)	(1,093)
Total comprehensive income for the period	-	-	-	-	(1,093)	(1,093)
Transaction with owners:						
Issue of placing shares	114	4,886	-	-	-	5,000
Less: issuance costs	-	(150)	-	-	-	(150)
Balance at 31 March 2018	595	10,489	(200)	-	(2,975)	7,909

ANGUS ENERGY PLC
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended 31 March 2018

	Six months 31 March 2018 Unaudited £'000	Six months 31 March 2017 Unaudited £'000
Cash flow from operating activities		
Loss before taxation	(1,093)	(985)
<i>Adjustment for:</i>		
Loss on disposal of AFS financial assets	-	10
Finance income	(3)	-
Depreciation and amortisation charges	<u>8</u>	<u>3</u>
Operating cash flows before movements in working capital	(1,088)	(972)
Increase in trade and other receivables	(38)	(364)
Decrease/(increase) in trade and other payables	<u>159</u>	<u>(107)</u>
Cash used in operating activities	(967)	(1,443)
Income tax paid	-	-
Net cash used in operating activities	(967)	(1,443)
Cash flows from investing activities		
Loan advance to director	-	(200)
Proceeds from disposal of AFS financial investments	-	231
Acquisition of exploration and evaluation assets	(2,214)	(65)
Acquisition of fixed assets and oil production assets	<u>(1,626)</u>	<u>(1,742)</u>
Net cash used in investing activities	(3,840)	(1,776)
Cash flows from financing activities		
Net proceeds from issue of share capital	<u>4,850</u>	<u>5,490</u>
Net cash generated from financing activities	4,850	5,490
Net increase in cash & cash equivalents	43	2,271
Cash and equivalent at beginning of year	<u>1,224</u>	<u>25</u>
Cash and equivalent at end of year	<u>1,267</u>	<u>2,296</u>

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION AND PRINCIPAL ACTIVITIES

ANGUS ENERGY PLC (THE "COMPANY") WAS INCORPORATED IN UNITED KINGDOM AS A LIMITED COMPANY WITH COMPANY NUMBER 09616076. THE REGISTERED OFFICE OF THE COMPANY IS BUILDING 3, CHISWICK PARK, 566 CHISWICK HIGH ROAD, LONDON, W4 5YA, UK.

IN 2015, THE COMPANY ENTERED INTO AGREEMENTS WITH ALL OF THE SHAREHOLDERS OF THE ANGUS ENERGY HOLDINGS UK LIMITED ("AEHL") FOR A SHARE FOR SHARE EXCHANGE REGARDING THE ORDINARY SHARES IN ANGUS ENERGY PLC AND ORDINARY SHARES IN THE AEHL. AS A RESULT OF THIS TRANSACTION, THE ULTIMATE SHAREHOLDERS IN THE COMPANY RECEIVED SHARES IN ANGUS ENERGY PLC IN DIRECT PROPORTION TO THEIR ORIGINAL SHAREHOLDINGS IN THE AEHL.

ON 14 NOVEMBER 2016, THE COMPANY'S SHARE CAPITAL WAS ADMITTED TO TRADING ON THE AIM OF LONDON STOCK EXCHANGE.

THIS FINANCIAL INFORMATION IS FOR THE COMPANY AND ITS SUBSIDIARIES UNDERTAKINGS (TOGETHER, THE "GROUP").

The principal activities of the entities of the Group are as follows:-

	Name of Company	Country of Incorporation	Principal Activities
i)	Angus Energy Holdings UK Limited	United Kingdom	Investment holding company
ii)	Angus Energy Weald Basin No. 1 Limited	United Kingdom	Investment holding company
iii)	Angus Energy Weald Basin No. 2 Limited	United Kingdom	Investment holding company
iv)	Angus Energy Weald Basin No. 3 Limited	United Kingdom	Oil extraction for distribution to third parties

THE PRINCIPAL PLACE OF BUSINESS OF THE GROUP IS IN UNITED KINGDOM.

THE INTERIM CONSOLIDATED FINANCIAL INFORMATION IS PRESENTED IN THE NEAREST THOUSANDS OF POUND STERLING (£'000), WHICH IS THE PRESENTATION CURRENCY OF THE GROUP. THE FUNCTIONAL CURRENCY OF EACH OF THE INDIVIDUAL ENTITY IS THE LOCAL CURRENCY OF EACH INDIVIDUAL ENTITY.

2. BASIS OF PREPARATION

THE INTERIM CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 31 MARCH 2018 AND 31 MARCH 2017 HAVE BEEN PREPARED IN ACCORDANCE WITH IAS 34, INTERIM FINANCIAL REPORTING WHICH ARE UNAUDITED AND DO NOT CONSTITUTE A SET OF STATUTORY FINANCIAL STATEMENTS.

THE PRINCIPAL ACCOUNTING POLICIES USED IN PREPARING THE INTERIM RESULTS ARE THE SAME AS THOSE APPLIED IN THE GROUP'S FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 30 SEPTEMBER 2017, WHICH HAVE BEEN PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION ("IFRS"). THE AUDITORS' REPORT ON THOSE ACCOUNTS WAS UNQUALIFIED AND DID NOT INCLUDE REFERENCES TO ANY MATTERS TO WHICH THE AUDITORS DREW ATTENTION BY WAY OF EMPHASIS WITHOUT QUALIFYING THEIR REPORT.

A COPY OF THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017 IS AVAILABLE ON THE COMPANY'S WEBSITE.

THE INTERIM REPORT FOR THE SIX MONTHS ENDED 31 MARCH 2018 WAS APPROVED BY THE DIRECTORS ON _____.

GOING CONCERN

THE CONSOLIDATED FINANCIAL INFORMATION HAS BEEN PREPARED ON A GOING CONCERN BASIS.

IN CONSIDERING THE APPROPRIATENESS OF THIS BASIS OF PREPARATION, THE DIRECTORS HAVE REVIEWED THE GROUP'S WORKING CAPITAL FORECASTS FOR A MINIMUM OF 12 MONTHS FROM THE DATE OF THE APPROVAL OF THIS FINANCIAL STATEMENT. AS AT 31 MARCH 2018, THE GROUP HAD £1.27M OF AVAILABLE CASH. SUBSEQUENT TO THE PERIOD END, THE GROUP ISSUED INTEREST FREE UNSECURED CONVERTIBLE SECURITY OF £3M AS FINANCING FOR THE GROUP'S ACQUISITION AND WORKING CAPITAL. BASED ON THE CURRENT MANAGEMENT PLAN, MANAGEMENT BELIEVES THAT THESE FUNDS ARE SUFFICIENT FOR THE EXPENDITURE TO DATE AS WELL AS THE PLANNED FORECAST EXPENDITURE FOR THE FORTHCOMING TWELVE MONTHS. AS A RESULT OF THAT REVIEW THE DIRECTORS CONSIDER THAT IT IS APPROPRIATE TO ADOPT THE GOING CONCERN BASIS OF PREPARATION.

3. CRITICAL ACCOUNTING ESTIMATES AND SOURCES OF ESTIMATION UNCERTAINTY

IN APPLYING THE ACCOUNTING POLICIES, THE DIRECTORS MAY AT TIMES REQUIRE TO MAKE CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES ABOUT THE CARRYING AMOUNT OF ASSETS AND LIABILITIES. THESE ESTIMATES AND ASSUMPTIONS, WHEN MADE, ARE BASED ON HISTORICAL EXPERIENCE AND OTHER FACTORS THAT THE DIRECTORS CONSIDER ARE RELEVANT.

THE KEY ESTIMATES AND ASSUMPTIONS CONCERNING THE FUTURE AND OTHER KEY SOURCES OF ESTIMATION UNCERTAINTY AT THE END OF THE FINANCIAL YEAR, THAT HAVE SIGNIFICANT RISK OF CAUSING A MATERIAL ADJUSTMENT TO THE CARRYING AMOUNTS OF ASSETS AND LIABILITIES WITHIN THE NEXT FINANCIAL YEAR ARE REVIEWED ARE AS STATED BELOW.

KEY ACCOUNTING JUDGEMENTS

(A) IMPAIRMENT OF OIL PRODUCTION ASSET

PROCESSING OPERATIONS ARE LARGE, SCARCE ASSETS REQUIRING SIGNIFICANT TECHNICAL AND FINANCIAL RESOURCES TO OPERATE. THEIR VALUE MAY BE SENSITIVE TO A RANGE OF CHARACTERISTICS UNIQUE TO EACH ASSET AND KEY SOURCES OF ESTIMATION UNCERTAINTY INCLUDE PROVED RESERVE ESTIMATES, FUTURE CASH FLOW EXPECTED TO ARISE FROM THE CASH-GENERATING UNIT AND A SUITABLE DISCOUNT RATE.

IN PERFORMING IMPAIRMENT REVIEWS, THE GROUP ASSESSES THE RECOVERABLE AMOUNT OF ITS OPERATING ASSETS PRINCIPALLY WITH REFERENCE TO THE GROUP'S INDEPENDENT COMPETENT PERSON'S REPORT, ESTIMATES OF FUTURE OIL PRICES, OPERATING COSTS, CAPITAL EXPENDITURE NECESSARY TO EXTRACT THOSE RESERVES AND THE DISCOUNT RATE TO BE APPLIED TO SUCH REVENUES AND COSTS FOR THE PURPOSE OF DERIVING A RECOVERABLE VALUE.

4. OPERATING SEGMENTS

OPERATING SEGMENTS ARE PREPARED IN A MANNER CONSISTENT WITH THE INTERNAL REPORTING PROVIDED TO THE MANAGEMENT AS ITS CHIEF OPERATING DECISION MAKER IN ORDER TO ALLOCATE RESOURCES TO SEGMENTS AND TO ASSESS THEIR PERFORMANCE.

Currently, the Group's principal revenue is derived from the sale of oil. All revenue arose from continuing operations within the United Kingdom. Therefore management considers no detail of operating and geographical segments information is to be reported. Nonetheless, the Group's revenue can be classified into the following streams:

	31 March 2018 £'000	31 March 2017 £'000
Sale of oil	19	-

All the non-current assets of the Group are located in the United Kingdom.

All revenue arising from sale of oil is derived from a single customer.

5. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group incurred £51,000 additions to property, plant and equipment, mainly in acquiring plant and machinery (1H 2017: £12,000). The depreciation charge for the period on the Group's property, plant and equipment was £5,000 (1H 2017: £3,000).

6. EXPLORATION AND EVALUATION ASSETS

In 2017, the Group has entered into an agreement to acquire a 12.5% economic interest in PEDL143 through the immediate payment of certain historic costs incurred by the Operator, amounted to approximately £65,000, along with 25% of the costs of the Holmwood-1 exploration well up to a gross well cost of £3.2 million (£800,000 net cost to Angus), and certain further contingent costs.

During the period, the Group entered into an agreement to acquire a 25% interest of the Balcombe licence (PEDL244) joint venture with Cuadrilla Balcombe Limited and Lucas Bolney Limited. An initial payment of £2m was paid with a total consideration of £4m.

In the same period, the Group incurred capital expenditure of £0.2m recognised as addition to exploration and evaluation assets.

	Total £'000
Cost or valuation	
At 31 March 2017	65
Additions	90
	<hr/>
At 30 September 2017	155
Additions	2,214
	<hr/>
At 31 March 2018	2,369
	<hr/>
Amortisation	
At 30 September 2017	-
Charge for the period	-
	<hr/>
At 31 March 2018	-
	<hr/>
Net book value	
At 30 September 2017	155
	<hr/> <hr/>
At 31 March 2018	2,369
	<hr/> <hr/>
At 31 March 2017	65
	<hr/> <hr/>

7. OIL PRODUCTION ASSETS

	Total £'000
Cost or valuation	
At 30 September 2016	563
Additions	1,776
	<hr/>
At 31 March 2017	2,339
Additions	514
	<hr/>
At 30 September 2017	2,853
Additions	1,575
	<hr/>
At 31 March 2018	4,428

Depreciation and impairment	
At 30 September 2016	10
Charge for the period	-
At 31 March 2017	10
Charge for the period	-
At 30 September 2017	10
Charge for the period	3
At 31 March 2018	13
Net book value	
At 30 September 2017	2,843
At 31 March 2018	4,415
At 31 March 2017	2,329

Depreciation of oil production assets is included in cost of sales in the consolidated statement of comprehensive income.

On 16 December 2016 the Group entered into a sale agreement to acquire a 10% interest in the Brockham oil field for a cash payment of £100,000, relinquishment of Terrain's existing debt to Angus Energy's wholly owned subsidiary Angus Energy Weald Basin No.3 Limited at completion and the carry of Terrain's remaining 10% interest share of the upcoming well costs at Brockham.

The Group simultaneously entered into an option with Terrain for £1 to acquire a 10% interest in the Lidsey oil field for the carry of Terrain's remaining 10% interest share of the upcoming Lidsey-2 horizontal well and a cash payment of £20,000 on exercise of the option, which took place on 4 May 2017.

As at 31 March 2018, the Group retained a 60% interest in Lidsey field and 65% in Brockham field, and is still the operator of both fields.

8. TRADE AND OTHER RECEIVABLES

	31 March 2018 £'000	31 March 2017 £'000	30 September 2017 £'000
VAT recoverable	57	310	132
Amount due from farmees	372	-	161
Amount due from director	207	200	203
Other receivables	144	422	243
	780	932	739

The carrying amount of trade and other receivables approximates to their fair value.

9. TRADE AND OTHER PAYABLES

	31 March 2018 £'000	31 March 2017 £'000	30 September 2017 £'000
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Trade payables	339	344	163
Other taxation	123	115	120
Other payables	19	39	39
	<hr/>	<hr/>	<hr/>
	481	498	322
	<hr/>	<hr/>	<hr/>

10. EARNINGS PER SHARE

Basic EPS amounts are calculated by dividing the loss for the year attributable to equity holders of the Group by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS amounts are calculated by dividing the loss for the year attributable to equity holders of the Group by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

	31 March 2018	31 March 2017
Net loss attributable to equity holders of the Group	(1,092,886)	(985,000)
Weighted average number of ordinary shares	264,554,018	205,110,427
Basic and diluted (loss) per share	<u>(0.004)</u>	<u>(0.005)</u>

The diluted loss per share was not applicable as there were no dilutive potential ordinary shares outstanding at the end of the reporting period.

11. SHARE CAPITAL AND RESERVE

	Number of shares	Ordinary shares £'000	Share Premium £'000
<i>Issued:</i>			
As at 30 September 2016	30,000,000	300	45
13 October 2016 – subdivision of shares	120,000,000	-	-
14 November 2016 – issue of shares	64,980,287	130	3,662
10 January 2017 – issue of shares	1,000,000	2	58
06 February 2017 – issue of shares	18,181,818	36	1,964
Less: Issuance costs	-	-	(361)
As at 31 March 2017	234,162,105	468	5,368
07 July 2017 – issue of shares	1,916,667	4	111
21 July 2017 – issue of shares	4,379,725	9	274
As at 30 September 2017	240,458,497	481	5,753
01 Dec 2017 – issue of shares	23,846,155	47	3,053
15 Feb 2018 – issue of shares	33,333,333	67	1,933
Less: issuance cost	-	-	(250)
As at 31 March 2018	297,637,985	595	10,489

On 13 October 2016, the Company had subdivided its existing 30,000,000 ordinary shares into 150,000,000 ordinary shares. On 14 November 2016, the Company's shares had been admitted to trading on the AIM market of the London Stock Exchange. The Company had further issued 58,333,333 placing shares and 6,646,954 ordinary shares in lieu of professional fees.

On 10 January 2017 the company issued 1,000,000 Broker warrants. On 6 February 2017 the company issued 18,181,818 placing shares. On 7 July 2017, the company issued a further 1,916,667 Broker warrants. On 21 July 2017, the company issued 4,379,725 ordinary shares pursuant to the exercised of options by certain employees and consultants.

On 1 December 2017 the Company issued and allotted 23,846,155 new Ordinary Shares in the Company at a price of 6p

On 15 February 2018 the Company issued and allotted 33,333,333 new Ordinary Shares in the Company at a price of 6p.

The ordinary shares have a par value of £0.002 per share and are fully paid. These shares carry no right to fixed income and have no preferences or restrictions attached to them.

12. SHARE OPTIONS AND WARRANTS

On 13 October 2016, the Group implemented an Enterprise Management Incentive Scheme followed by a NED and Consultant Share Option Scheme (The Scheme).

No share option or warrant issued during the period ended 31 March 2018. The outstanding and exercisable of share options were 18,868,304 with weighted average price of £0.0622 at 31 March 2018.

13. SEASONALITY OF GROUP BUSINESS

There are no seasonal factors that materially affect the operations of any company in the Group.

14. PROVISIONS FOR OTHER LIABILITIES AND CHANGES

	31 March 2018	31 March 2017	30 September 2017
	£'000	£'000	£'000
Abandonment costs	<u>500</u>	<u>500</u>	<u>500</u>

The Group makes full provision for the future costs of decommissioning oil production facilities and pipelines on the installation of those facilities. The amount provision is expected to be incurred up to 2029 when the producing oil and gas properties are expected to cease operations.

These provisions have been created based on the Group's internal estimates and expectation of the decommissioning costs likely to incur in the future. For the period under review, the directors have assessed that the discount rate and inflation rate to be applied to the current cost of decommissioning to be similar. On this basis, the current cost is considered to be similar to the discounted net present value.

15. BONDS AND DERIVATIVE FINANCIAL INSTRUMENT

On 16 February 2017 the Company published an Information Memorandum (the "IM") in connection with an application for admission of up to £3,500,000 sterling denominated secured bonds of denomination £1, with a maturity date of 30 June 2022, to trading on the NEX Exchange Growth Market. The Bonds will bear interest at the rate of 8.5 per cent. per annum, payable quarterly in arrears.

The Company intends to issue Bonds when a need for finance arises, in order to progress its plans for the development of its licence portfolio, once the well(s) provided for in its work programme in relation to each of Brockham and Lidsey have been drilled using the AIM Proceeds. Once the well(s) have been drilled, proceeds from the issue of Bonds can be utilised to move forward the cash flows of the Company's production asset(s) in order to accelerate the Company's business plan. Financing the development of its licence portfolio in this manner rather than by the use of cash reserves or the issue of new ordinary shares will allow the Company to increase the value of its production reserves and avoid shareholder dilution.

As at 31 March 2018, the Bonds in issue was £nil.

16. RELATED PARTY TRANSACTION

In March 2017 the Company provided Jonathan Tidswell-Pretorius with a £200,000 Directors Loan. Interest will be charged at 3% per annum and the group charged interest of £4,000 (H1 2017: £nil). At the 31 March 2018, the amount due from the director was £207,000 (H1 2017: £200,000).

17. SUBSEQUENT EVENTS

On 23 April 2018 the Company entered into a zero interest, unsecured convertible note with Bergen Global Opportunity Fund, LP having a nominal value of £3,390,000

On 23 April 2018 and following the approval by the Oil & Gas Authority the Company completed the acquisition of the 25% interest in PEDL244, the Balcombe Licence by paying the remaining £2m.