

Chairman's Statement

Dear shareholders,

I am pleased to share with you the interim results for the six months ended 31 March 2020.

Operational Highlights

At Saltfleetby, we have made steady progress in planning for reconnection. A planning application for process facilities at the main site and a further application for a short pipeline extension to National Grid has been submitted to Lincolnshire County Council. Detailed design of both, full tenders to bidders and preliminary regulatory approvals have begun. Our aim is to complete tendering before mid-June with a view to pipeline connection in Q3 and installation in Q4 with an eye to first gas near the end of the year. There are many moving parts to the programme and our timeline will be at the mercy of the slowest of them. Notwithstanding that and the present Covid-19 situation progress made to date gives us some confidence that the timetable will not be greatly altered.

When I last reported to you, I reported how our commitment to the Brockham, Balcombe and Lidsey assets remained solid, notwithstanding the disappointing results from the Kimmeridge BR X4Z well in June 2019. This continues to be the case.

At Balcombe, the Environmental Agency have removed their objection to our application and the well test programme is ready to submit to the OGA. A preliminary finding by the Planning Officer at West Sussex County Council has prompted us to rethink aspects of our proposal, withdraw and we therefore shortly intend to resubmit our Planning Application for a shorter well test duration. We would still aim to be looking at operations and cashflow from this asset in this calendar year.

At Brockham we have prepared a Hydrogeological Risk Assessment to address our water injection proposals. This is currently under review with the Environment Agency.

At Lidsey production was stopped in February due to a down hole pump issue. We note that the headline price of oil in Q2 of this year means that the loss of production has only a marginal effect on cashflow. In the future, we look forward to addressing further seismic work on the Field which we consider to be highly prospective.

Financial Highlights

On 12 December 2019, the Company issued 13,766,520 shares at a price 0.726p for £100,000 convertible loan reduction from the Riverfort agreement dated 18 October 2019 regarding potential decommissioning liabilities and associated funding.

On 18 February 2020, the Company issued 17,319,016 shares at a price 0.577p for £100,000 convertible loan reduction from the Riverfort agreement dated 18 October 2019 regarding potential decommissioning liabilities and associated funding.

On 5 March 2020, the Company issued 32,133,676 shares at a price 0.622p for further £200,000 convertible loan reduction from the Riverfort agreement dated 18 October 2019 regarding potential decommissioning liabilities and associated funding.

On 17 April 2020, the Company issued a 4% per annum £1,400,000 Convertible Loan Note to Knowe Properties Limited, a significant shareholder in the Company. The New Loan Note is unsecured and is convertible at maturity after two years. Alternatively, and at the Company's option, the Loan Note is repayable in part or whole at any time up to two months before maturity with an accompanying grant of warrants equal to the face value of the amount repaid. The warrants are exercisable at the lower of 1.3 pence or a 30% premium to the Conversion Price.

On 17 April 2020, a proportion of the issue proceeds of the New Loan Note was used to repay £250,000 of the outstanding £600,000 of the earlier Convertible Loan Note issued on 18 October 2019 led by Riverfort Global Opportunities PCC Limited, and additionally the terms for conversion of the remaining £350,000 have been altered as follows. New repayment dates have been set at six equal monthly instalments between 24 May and 24 October 2020 and, if the Company elects not to pay an amount on the due date, that amount will become

either convertible at any time as per the original terms or simply repayable at final maturity. Otherwise no amount may now be converted. 15,000,000 warrants have been granted to the noteholders at a strike price of 1 pence in exchange for waiving rights under their notes.

As at 31 March 2020 the Group had cash of £2,591,000.

As at 31 March 2020 the Group had net current assets of £2,927,000.

Outlook

This global pandemic crisis which we are currently witnessing has had an immediate and tangible impact on us all. Oil prices have been under tremendous pressure as demand subsides with large parts of the industry going into hibernation. No-one can yet foresee how patterns of supply and demand will be altered following lifting of the lockdown. We doubt that it will be business as usual, but we do look forward to some normalisation of activity. It is no small blessing that we diversified from an oil exploration company to an oil and gas production company in the last twelve months as there is a consensus view that gas prices will, over the medium term, have better support than oil prices. We remain excited about the Company's prospects and are confident that our efforts for the rest of 2020 will have a transformational effect.

Lord Clanwilliam

Non-Executive Chairman
22 June 2020

ANGUS ENERGY PLC
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period ended 31 March 2020

	Note	Six months 31 March 2020 Unaudited £'000	Six months 31 March 2019 Unaudited £'000
Revenue	4	68	137
Cost of sales		<u>(283)</u>	<u>(122)</u>
Gross profit/(loss)		(215)	15
Administrative expenses		(1,389)	(1,648)
Share based payment charge		<u>-</u>	<u>(25)</u>
Operating loss		(1,604)	(1,658)
Finance income		<u>-</u>	<u>4</u>
Loss on ordinary activities before taxation		(1,604)	(1,654)
Income tax expense		<u>-</u>	<u>-</u>
Loss for the period attributable to the equity holder of the Company		<u>(1,604)</u>	<u>(1,654)</u>
Loss per share (EPS):		£	£
Basic and diluted (whole £'s)	10	<u>(0.003)</u>	<u>(0.004)</u>

ANGUS ENERGY PLC
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2020

		As at 31 March 2020 Unaudited £'000	As at 31 March 2019 Unaudited £'000	As at 30 September 2019 Audited £'000
	Note			
Non-current assets				
Property, plant and equipment	5	14	14	14
Exploration and evaluation assets	6	6,366	5,755	5,878
Oil production assets	7	6,407	6,508	6,416
		<u>12,787</u>	<u>12,277</u>	<u>12,308</u>
Current assets				
Trade and other receivables	8	336	742	794
Cash and bank balances		2,591	941	3,419
		<u>2,927</u>	<u>1,683</u>	<u>4,213</u>
Total Assets		<u>15,714</u>	<u>13,960</u>	<u>16,521</u>
Equity				
Share capital	11	1,208	917	1,082
Share premium	11	21,273	17,879	21,117
Merger reserve		(200)	(200)	(200)
Accumulated loss		(11,165)	(6,226)	(9,561)
Total Equity		<u>11,116</u>	<u>12,370</u>	<u>12,438</u>
Current liabilities				
Trade and other payables	9	1,589	1,038	1,031
Non-current liabilities				
Provisions		3,009	552	3,052
Total liabilities		<u>4,598</u>	<u>1,590</u>	<u>4,083</u>
Total Equity and Liabilities		<u>15,714</u>	<u>13,960</u>	<u>16,521</u>

ANGUS ENERGY PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ended 31 March 2020

	Share Capital £'000	Share premium £'000	Merger Reserve £'000	Retained Earnings £'000	Total equity £'000
Balance at 1 October 2018	763	14,142	(200)	(4,597)	10,108
Loss for the period	-	-	-	(1,654)	(1,654)
Total comprehensive income for the period	-	-	-	(1,654)	(1,654)
Transaction with owner					
Issue of shares	155	4,045	-	-	4,200
Less: issuance cost	-	(309)	-	-	(309)
Granted of warrants	-	-	-	25	25
Balance at 31 March 2019	918	17,878	(200)	(6,226)	12,370
Balance at 1 October 2018	763	14,142	(200)	(4,597)	10,108
Loss for the year	-	-	-	(5,043)	(5,043)
Total comprehensive income for the year	-	-	-	(5,043)	(5,043)
Transaction with owners:					
Issue of shares	319	7,450	-	-	7,769
Less: issuance cost	-	(475)	-	-	(475)
Granted of share option	-	-	-	79	79
Balance at 30 September 2019	1,082	21,117	(200)	(9,561)	12,438
Loss for the period	-	-	-	(1,604)	(1,604)
Total comprehensive income for the period	-	-	-	(1,604)	(1,604)
Transaction with owners:					
Issue of placing shares	126	273	-	-	399
Less: issuance costs	-	(117)	-	-	(117)
Granted of warrants	-	-	-	-	-
Balance at 31 March 2020	1,208	21,273	(200)	(11,165)	11,116

ANGUS ENERGY PLC
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended 31 March 2020

	Six months 31 March 2020 Unaudited £'000	Six months 31 March 2019 Unaudited £'000
Cash flow from operating activities		
Loss before taxation	(1,604)	(1,654)
<i>Adjustment for:</i>		
Finance income	-	(4)
Share based payment charge	-	25
Depreciation and amortisation charges	<u>12</u>	<u>20</u>
<i>Operating cash flows before movements in working capital</i>	(1,592)	(1,613)
Decrease/ (increase) in trade and other receivables	457	53
Decrease/(increase) in trade and other payables	<u>559</u>	<u>(402)</u>
Cash used in operating activities	(576)	(1,962)
Income tax paid	-	-
<i>Net cash used in operating activities</i>	(576)	(1,962)
Cash flows from investing activities		
Decommissioning cost	(43)	-
Acquisition of exploration and evaluation assets	(488)	(537)
Acquisition of fixed assets and oil production assets	<u>(3)</u>	<u>(1,297)</u>
<i>Net cash used in investing activities</i>	(534)	(1,834)
Cash flows from financing activities		
Net proceeds from issue of share capital	<u>282</u>	<u>3,981</u>
<i>Net cash generated from financing activities</i>	282	3,981
<i>Net increase in cash & cash equivalents</i>	(828)	95
Cash and equivalent at beginning of year	<u>3,419</u>	<u>846</u>
<i>Cash and equivalent at end of year</i>	2,591	941

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.

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 & Gas 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 2020 and 31 March 2019 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 2019, 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 draw attention to any matters by way of emphasis.

A copy of the audited consolidated financial statements for the year ended 30 September 2019 is available on the Company’s website.

The interim report for the six months ended 31 March 2020 was approved by the Directors on 22 June 2020.

Going Concern

The COVID-19 pandemic has not had a significant immediate impact on the company's operations. The Oil and Gas industry has been deemed critical and thus we have been allowed to continue operations. The Directors are aware that if the current situation becomes prolonged then this may change. The consolidated financial statements have been prepared on a going concern basis.

In response to this extraordinary period, the Directors have taken the prudent decision to introduce cost saving measures where possible in order to preserve working capital. The Directors have assessed the company's ability to continue as a going concern and have reasonable expectation that the company has adequate resources to continue operations for a period of at least 12 months from the date of approval of these financial statements.

As at 31 March 2020, the group had £2,591,000 of available cash. Subsequent to the period end, the Group issued £1.4m Convertible loan notes to Knowe Properties Limited for repayment of the earlier Convertible loan notes and working capital. Having regard to the above, the directors believe it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

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 non-current asset

The group's non-current assets represent its most significant assets, comprising of oil production assets, exploration and evaluation (E&E) assets on its onshore site.

Management is required to assess exploration and evaluation (E&E) assets for indicators of impairment and has considered the economic value of individual E&E assets. The carrying amount of the E&E asset are subject to a separate review for indicators of impairment, by reference of the impairment indicators set out in IFRS 6, which is inherently judgemental.

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.

As detailed in note 6 and 7, the carrying value amount of the Group's E&E assets and oil production assets at 31 March 2020 were approximately £6.366m and £6.407m respectively. No impairments were made during the interim period.

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 2020 £'000	31 March 2019 £'000
Sale of oil	68	137

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 incur £3,000 additions to property, plant and equipment (1H 2019: nil). The depreciation charge for the period on the Group's property, plant and equipment was £3,000 (1H 2019: £6,000).

6. EXPLORATION AND EVALUATION ASSETS

During 2019, the Group acquired a 51% interest of the Saltfleetby Gas Field (PEDL005) from Saltfleetby Energy Limited. An initial payment of £2.5m was paid to Angus in connection with the field abandonment cost.

	Total £'000
Cost or valuation	
At 31 March 2019	5,755
Additions	123
	<hr/>
At 30 September 2019	5,878
Additions	488
	<hr/>
At 31 March 2020	6,366
	<hr/>
Amortisation	
At 30 September 2019	-
Charge for the period	-
	<hr/>
At 31 March 2020	-
	<hr/>
Net book value	
At 30 September 2019	5,878
	<hr/> <hr/>
At 31 March 2020	6,366
	<hr/> <hr/>
At 31 March 2019	5,755
	<hr/> <hr/>

7. OIL PRODUCTION ASSETS

	Total £'000
Cost or valuation	
At 30 September 2018	5,252
Additions	1,297
	<hr/>
At 31 March 2019	6,549
Additions	824
	<hr/>
At 30 September 2019	7,373
Additions	-
	<hr/>
At 31 March 2020	7,373
	<hr/>
Depreciation and impairment	
At 30 September 2018	27
Charge for the period	14
	<hr/>
At 31 March 2019	41
Depreciation for the period	16
Impairment for the period	900
	<hr/>
At 30 September 2019	957
Charge for the period	9
	<hr/>
At 31 March 2020	966
	<hr/>
Net book value	
At 30 September 2019	6,416
	<hr/> <hr/>
At 31 March 2020	6,407
	<hr/> <hr/>
At 31 March 2019	6,508
	<hr/> <hr/>

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

As at 31 March 2020, the Group retained 80% interest in Lidsey field and 65% in Brockham field and is still the operator of both fields.

8. TRADE AND OTHER RECEIVABLES

	31 March 2020 £'000	31 March 2019 £'000	30 September 2019 £'000
VAT recoverable	127	68	90
Amount due from farmees	98	278	296
Amount due from director	-	211	216
Other receivables	111	185	192
	<u>336</u>	<u>742</u>	<u>794</u>

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

9. TRADE AND OTHER PAYABLES

	31 March 2020 £'000	31 March 2019 £'000	30 September 2019 £'000
Trade payables	733	800	678
Other taxation	133	122	320
Accruals	-	-	30
Other payables	723	116	3
	<u>1,589</u>	<u>1,038</u>	<u>1,031</u>

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 2020	31 March 2019
Net loss attributable to equity holders of the Group	(1,604,000)	(1,654,000)
Weighted average number of ordinary shares	549,004,028	399,806,692
Basic and diluted (loss) per share	<u>(0.003)</u>	<u>(0.004)</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 2017/18	381,721,985	763	14,142
5 November 2018- issue of shares	22,222,222	44	1,956
15 February 2019- issue of shares	55,000,000	110	2,090
Less: issuance cost			(309)
As at 31 March 2019	458,944,207	917	17,879
18 April 2019-issue of shares	8,324,024	17	450
30 April 2019- issue of shares	70,824,700	142	2,868
25 May 2019- issue of shares	735,076	2	30
17 July 2019- issue of shares	2,000,000	4	56
Less: Issuance of costs			(166)
As at 30 September 2019	540,828,007	1,082	21,117
12 December 2019 - issue of shares	13,766,520	28	72
18 February 2020- issue of shares	17,319,016	35	65
5 March 2020 – issue of shares	32,133,676	63	136
Less: Issuance of cost			(117)
As at 31 March 2020	604,047,219	1,208	21,273

On 12 December 2019, the Company issued 13,766,520 shares at a price 0.726p for £100,000 convertible loan reduction from the Riverfort agreement dated 18 October 2019 regarding potential decommissioning liabilities and associated funding.

On 18 February 2020, the Company issued 17,319,016 shares at a price 0.577p for £100,000 convertible loan reduction from the Riverfort agreement dated 18 October 2019 regarding potential decommissioning liabilities and associated funding.

On 5 March 2020, the Company issued 32,133,676 shares at a price 0.622p for further £200,000 convertible loan reduction from the Riverfort agreement dated 18 October 2019 regarding potential decommissioning liabilities and associated funding.

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).

At 30 September 2019, the Group had 53,418,304 share options and 7,469,914 warrants outstanding in respect of ordinary shares.

During the period ended 31 March 2020 the Group has not issued any options or warrants. The outstanding and exercisable of share options and warrants was 60,888,218 with a weighted average price of £0.0519 at 31 March 2020.

The inputs into the model were as follows:

	Warrants
Stock price	1.3p
Exercise price	6.18p
Interest rate	0.5%
Volatility	30%
Time to maturity	3 years

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 2020	31 March 2019	30 September 2019
	£'000	£'000	£'000
Abandonment costs	<u>3,009</u>	<u>552</u>	<u>3,052</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. RELATED PARTY TRANSACTION

In March 2017, the Company provided former Director Jonathan Tidswell-Pretorius with a £200,000 Directors Loan which was fully repaid on 8 January 2020. At the 31 March 2020, the amount due from the director was nil (H1 2019: £211,000).

16. SUBSEQUENT EVENTS

On 17 April 2020, the Group issued a 4% per annum £1,400,000 Convertible Loan Note to Knowe Properties Limited, a significant shareholder in the Company. The New Loan Note is unsecured and is convertible at maturity after two years. Alternatively, and at the Company's option, the Loan Note is repayable in part or whole at any time up to two months before maturity with an accompanying grant of warrants equal to the face value of the amount repaid. The warrants are exercisable at the lower of 1.3 pence or a 30% premium to the Conversion Price.

On 20 April 2020, a proportion of the issue proceeds of the New Loan Note was used to repay £250,000 of the outstanding £600,000 of the earlier Convertible Loan Note issued on 24 October 2019 led by Riverfort Global Opportunities PCC Limited, and additionally the terms for conversion of the remaining £350,000 have been altered as follows. New repayment dates have been set at six equal monthly instalments between 24 May and 24 October 2020 and, if the Company elects not to pay an amount on the due date, that amount will become either convertible at any time as per the original terms or simply repayable at final maturity. Otherwise no amount may now be converted. 15,000,000 warrants have been granted to the noteholders at a strike price of 1 pence in exchange for waiving rights under their notes.

On 21 May 2020, a further £58, 333 of the Riverfort convertible loan was repaid.