

29 March 2019

**Nu-Oil and Gas plc**  
**("Nu-Oil" or "the Company")**

**Interim Results for the six months ended 31 December 2018**

Nu-Oil, the independent Oil and Gas company, today announces its unaudited interim results for the six months ended 31 December 2018.

Key points:

- Continuing focus on the development of the portfolio through Marginal Field Development Company (MFDevCo) Ltd ("MFDevCo"), in which the Company has a 50% interest;
- Commencement of a specific initiative aimed at the development of marginal fields via gas-to-wire technology;
- Collaboration agreements agreed with Marnavi Offshore and Siemens Dresser-Rand to support the gas-to-wire initiative; and
- The Company reports a loss of £972,000 for the period, which is broadly comparable with the loss made over the 2018 financial year on an annualised basis. The main area of expense has been the continued implementation of the marginal field strategy.

Post period end:

- Letter of Intent to establish a funding vehicle to support gas-to-wire projects agreed between MFDevCo and Marnavi Offshore;
- Appointment of a new Executive Chairman, Graham Scotton, with wide-ranging experience covering technical, operational, planning, commercial and management roles; and
- Following the end of the period, the Company raised £250,000 before expenses through the issuance of 83,333,333 new ordinary shares in a placing.

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## Notes

Nu-Oil is a development and production company, which utilises appropriate development approaches to create value from undeveloped and mature upstream oil and gas assets. Nu-Oil is building a portfolio of development and production assets with an emphasis on stranded and marginal discoveries which can be unlocked using cost-effective development solutions.

Nu-Oil targets thoroughly appraised oil and gas fields located in areas with stable political and regulatory regimes. By doing so Nu-Oil minimises exposure to the risks associated with prospecting and exploration.

Marginal Field Development Company Ltd. (“MFDevCo”), in which both Nu-Oil and RMRI Ltd., hold a 50% interest, has developed offshore production solutions that improve the economics of oil and gas projects by significantly lowering development costs compared to conventional approaches. MFDevCo leads the Marginal Field Delivery Consortium (“the Consortium”), a group of leading global engineering specialists who provide the skills and capability required to deliver projects. Nu-Oil intends to utilise MFDevCo solutions and the capability within the Consortium to develop and deliver its projects.

[www.nu-oilandgas.com](http://www.nu-oilandgas.com)

## Disclaimer

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 (“MAR”).

## Chairman's Statement

At the Company's AGM on 25 January 2019, I had the opportunity to restate Nu-Oil's strategy and vision to shareholders. I have been clear that our priority as a Company is to deliver tangible results in the form of an investable project. Having had the opportunity to work with the Board and Senior Team to review the Company's assets, core activities and wider opportunities in further detail, I would like to update investors on the progress towards meeting that objective and what the Company intends to achieve in the year ahead.

The Board's objective is to grow Nu-Oil into a successful upstream development and production company with a portfolio of producing oil and gas assets, including through the Company's joint venture and subsidiary entities. This transformation will not happen overnight but will be built asset by asset, through diligent effort, dedication and investment to acquire each opportunity and develop them into producing, revenue generating assets.

The Company is pursuing opportunities to build its portfolio in three areas:

- Firstly, the pursuit and development of oil and gas projects, including gas to wire, by Marginal Field Development Company (MFDevCo) Ltd. ("MFDevCo"), the joint venture in which the Company holds a 50% interest;
- Secondly, by generating value from existing assets located in western Newfoundland, which the Company holds, through its 100% owned subsidiary, Enegi Oil Inc. ("Enegi"), and assets MFDevCo holds in the Celtic Sea; and
- Thirdly, the acquisition of value-accretive oil and gas assets if attractive, suitable opportunities arise.

I am excited by the potential of MFDevCo's business model and the pace at which negotiations are progressing with operators. Applying technology and innovation to generate value from fields which can potentially be accessed at a low cost, is appropriate for MFDevCo, the Company and its shareholders, compared to the alternative of buying into a development project or production.

MFDevCo is aggressively pursuing its exciting gas to wire ("GTW") venture, which is an ideal solution to a pressing need in the market. If successful, the Board believes that GTW will position MFDevCo as a first mover in a market with global opportunities and we anticipate significant support from governments based on the market dynamics at play. My confidence is increased by the interest MFDevCo has received from operators and speed at which negotiations have progressed with two priority targets.

I am further encouraged by MFDevCo's agreement with Marnavi Offshore to work together to establish a vehicle to finance GTW projects (the "SPV"). The ability to raise finance is fundamental to MFDevCo's ability to close negotiations with Operators and therefore its ability to acquire and sanction projects. The proposed structure enables projects to be financed without diluting the Company's equity interest in MFDevCo. MFDevCo would earn three sources of revenue for each project the SPV purchases: the initial sales price; payment for services to manage projects; and project revenues as a result of its proposed 30% equity holding in the entity.

Utilising existing infrastructure, such as the platform and power infrastructure installed to transmit power generated by offshore windfarms, further reduces capital investment and lead-time to redevelop fields.

GTW directly addresses the twin goals of maximising economic recovery from hydrocarbon resources and supporting energy security through the provision of reliable power supply. Gas is expected to play an increasingly important role as a primary source in meeting the rising energy demand and complements renewable sources to meet increasing energy demand.

With its world-class collaboration partners, Siemens' Dresser-Rand business and Marnavi Offshore being the most recent additions, MFDevCo has the capability to deliver its projects, regardless of whether they involve the recovery of hydrocarbons or power to shore.

It is the opinion of the Board that the opportunities being pursued by MFDevCo have the greatest potential to deliver value for shareholders and for that reason resources are being allocated accordingly.

## **Operational Review**

### **MFDevCo**

MFDevCo has been advancing multiple projects for some time, the negotiations for which are at different stages of development and maturity. Projects include both oil and gas fields, which could be developed using conventional recovery methods or utilise the gas to wire technology that has recently been announced to the market.

It would be inappropriate for the Company to identify individual targets until agreements with interest holders have been reached. However, the Company can confirm that target projects are located in the North Sea, East Irish and Celtic Seas, Latin America including Brazil and Asia. There are three project types: large, standalone fields; smaller, repeatable projects; and hub developments which can be expanded over time.

In particular, MFDevCo is concentrating efforts to agree Heads of Terms for two identified priority GTW opportunities, with respect to which discussions with operators are moving quickly. While I am not in a position to predict when those negotiations will conclude successfully or not MFDevCo is aggressively pursuing both oil and GTW opportunities and the Company will update the market accordingly.

As announced on 28 March 2019, MFDevCo has agreed a letter of intent to establish a funding vehicle to finance gas-to-wire projects, in which it is proposed that MFDevCo will hold a 30% interest. Efforts to establish this special purpose vehicle ("SPV") are designed to ensure financing is available to conclude Heads of Terms on the two gas to wire targets which are most advanced. Under the proposed terms, MFDevCo will receive up-front payment for projects and will be further paid for managing projects from the point at which any transaction with the SPV is agreed.

Nu-Oil and MFDevCo contribute resources to business development activities worldwide. MFDevCo has a representative leading business development activities in Brazil in country, and via Royal Eagle, in Ecuador, Colombia and Mexico. In addition, the network of consortium members enables MFDevCo to identify and access projects in locations worldwide which is unusual for a company of its size.

### **Celtic Sea Assets - Helvick and Dunmore**

MFDevCo holds 10% interests in lease undertakings for the Helvick and Dunmore assets, located in the Celtic Sea. Under the terms of the lease undertakings MFDevCo will perform an agreed work programme to determine whether the discoveries can be developed commercially. Based on the work completed thus far the Operator has applied to the Petroleum Affairs Division ('PAD') for an extension

to the lease undertakings. The partners await the response from the PAD, at which point the Company will update the market.

## **Enegi**

The Company holds, through its 100% owned subsidiary, Enegi, two assets located on and around the Port au Port peninsula in western Newfoundland. Production Lease 2002-01(A) ("PL2002-01(A)") (also known as Garden Hill) and Exploration Licence 1070 ("EL1070"), located at Shoal Point.

### **PL2002-01(A)**

The Company has been pursuing its primary objective to restore production with PVF Energy Services Inc. ("PVF") through the Production Sharing Agreement announced on 31 January 2017. Operations are currently on hold while the Company determines the most appropriate work programme, operational structure and funding model to progress this asset. Following a recent meeting with the Newfoundland and Labrador Department of Natural Resources, Enegi has agreed with the regulator that, whilst it continues work towards the objectives stated, it is most appropriate to submit new applications once the details of the forward work programme are defined, rather than continuing to work under the authorisations received in 2017. Discussions with PVF, other third parties, suppliers and the regulator remain ongoing and the Company will update the market accordingly.

### **EL1070**

At nearby Shoal Point, Enegi holds a 100% interest in the deep rights on EL1070 which includes the conventional Shoal Point prospect, located below the Green Point Shale formation situation in the shallow rights, which are held by Shoal Point Energy ("SPE"). EL1070 remains in force whilst the parties to the licence pursue the award of a significant discovery licence ("SDL"). These unique circumstances require that any effort to develop the deep rights is coordinated with SPE's activities with respect to the shallow rights, which are currently restricted by the moratorium on hydraulic fracturing in the region.

Although our strategy is to avoid exploration plays, it is our opinion that the potential justifies appropriate efforts to move this asset forward. The Company has discussed with SPE and the Canada-Newfoundland Offshore Petroleum Board ("C-NLOPB") to determine how to advance the licence. The Company will update the market accordingly.

## **Outlook**

I hope that I have made clear to investors our determination to convert the hard work that has been performed hitherto into tangible results. All efforts are being made to create and acquire investable profitable projects. It is my belief that the Company is positioning itself to deliver on that promise in the year ahead.

The Board is confident that the Company's investment in MFDevCo will be rewarded. MFDevCo has been pursuing multiple opportunities, a number of which are at an advanced stage and are progressing quickly. It has the capability, technology and partners required to commercially develop the projects it acquires and is establishing a special purpose vehicle dedicated to financing them.

I would like to thank shareholders for the continued support and look forward to communicating progress towards our goal of becoming a successful upstream development and production company.

Graham Scotton, Executive Chairman

29 March 2019

## Financials

The accounts for the period have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union using accounting policies that are consistent with those stated in the Company's 2018 Annual Report and Accounts.

### Revenue

No revenue was generated during the period. Management awaits the results of activity on its lease, PL2002-01(A), to assess the impact of that asset on future revenue streams. The agreements that the Company has entered into with respect to PL2002-01(A) provide for the Company to receive 50% of future net revenue from that asset following cost recovery by its operating partner, PVF Energy Services Inc. ('PVF')

### Loss before tax

The Company reports a loss of £972,000 for the period. The Company's loss for this period is broadly comparable on an annualised basis with the full year to June 2018. The loss for the period includes depreciation and impairment charges of £322,000 in the period creating an effective operating loss of £650,000.

The main area of expense has been the continued implementation of the marginal field strategy of which greater detail is provided in the Chairman's Statement and Operational Review. It should be noted that, as the Company has previously stated, direct costs of its Canadian operations have been reduced to a bare minimum.

### Statement of Financial Position

Group net liabilities as at 31 December 2018 were £2,024,000 (2017: net liabilities of £1,484,000).

At 31 December 2018, the Group had cash balances of £211,000 compared to £570,000 at 31 December 2017. The Group had trade and other payables of £3,449,000 (2017: £3,429,000).

### Future funding, capital requirements and going concern

The Directors believe that Nu-Oil has developed an attractive business model in choosing to participate in the development of marginal fields via its investment in MFDevCo. We expect to see an upturn in activity by utilising this offering to increase our project portfolio. Future funding activity will be required to maintain the Company's current level of activity and develop projects added to its portfolio but the Company believes that such funding can be obtained without significantly effecting the flow of value from those projects to shareholders. More information is provided in Note 1 to these Interim Financial Statements.

Damian Minty, Chief Financial Officer

29 March 2019

## CONSOLIDATED INCOME STATEMENT

For the 6 months ended 31 December 2018

|  | Unaudited 6<br>months ended<br>31 December<br>2018<br>£'000 | Unaudited 6<br>months<br>ended 31<br>December 2017<br>£'000 | Audited 12<br>months<br>ended 30 June<br>2018<br>£'000 |
|--|---|---|--|
| Note   |   |   |  |
| Revenue  | -   | -   | -  |
| Cost of sales  | -   | -   | -  |
| <b>Gross Profit</b>                                  | <b>-</b>  | <b>-</b>  | <b>-</b>   |
| Administrative expenses                              | <b>(884)</b>  | (818)   | (1,672)  |
| <b>Loss from operations</b>                          | <b>(884)</b>  | (818)   | (1,672)  |
| Finance costs  | <b>(88)</b>   | (98)  | (206)  |
| <b>Loss before tax</b>                               | <b>(972)</b>  | (916)   | (1,878)  |
| Taxation   | -   | -   | -  |
| <b>Loss for the period</b>                           | <b>(972)</b>  | (916)   | (1,878)  |
| <b>Loss per share (expressed in pence per share)</b> |   |   |  |
| Basic  | 3   | (0.1p)  | (0.1p)   |
| Diluted  | 3   | (0.1p)  | (0.1p)   |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 6 months ended 31 December 2018

|  | Unaudited 6<br>months<br>ended 31<br>December<br>2018<br>£'000 | Unaudited 6<br>months<br>ended 31<br>December<br>2017<br>£'000 | Audited 12<br>months<br>ended 30 June<br>2018<br>£'000 |
|--|--|--|--|
| <b>Loss for the year</b>                                   | <b>(972)</b>   | (916)  | (1,878)  |
| <b>Other comprehensive expense:</b>                        |  |  |  |
| Currency translation differences                           | <b>1</b>   | 3  | (1)  |
| <b>Other comprehensive income for the year, net of tax</b> | <b>1</b>   | 3  | (1)  |
| <b>Total comprehensive expense for the year</b>            | <b>(971)</b>   | (913)  | (1,879)  |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

|                                | Note | <b>Unaudited As<br/>at 31<br/>December<br/>2018<br/>£'000</b> | Unaudited<br>As at 31<br>December 2017<br>£'000 | Audited<br>As at<br>30 June<br>2018<br>£'000 |
|--------------------------------|------|---|---|--|
| <b>Non-current assets</b>      |      |   |   |  |
| Tangible fixed assets          |      | 173   | 219   | 195  |
| Intangible assets              |      | 666   | 974   | 813  |
| Other long term assets         |      | 479   | 490   | 477  |
|                                |      | <b>1,318</b>  | 1,683   | 1,485  |
| <b>Current assets</b>          |      |   |   |  |
| Trade and other receivables    | 4    | 887   | 984   | 993  |
| Cash and cash equivalents      |      | 211   | 570   | 861  |
|                                |      | <b>1,098</b>  | 1,554   | 1,854  |
| <b>Total assets</b>            |      | <b>2,416</b>  | 3,237   | 3,339  |
| <b>Current liabilities</b>     |      |   |   |  |
| Trade and other payables       | 5    | (3,449)   | (3,429)   | (3,381)                                      |
| Due to related parties         | 6    | (520)   | (807)   | (541)  |
|                                |      | <b>(3,969)</b>  | (4,236)   | (3,922)                                      |
| <b>Non-current liabilities</b> |      |   |   |  |
| Provisions                     |      | (471)   | (485)   | (470)  |
| <b>Total liabilities</b>       |      | <b>(4,440)</b>  | (4,721)   | (4,392)                                      |
| <b>Net liabilities</b>         |      | <b>(2,024)</b>  | (1,484)   | (1,053)                                      |
| <b>Shareholders' equity</b>    |      |   |   |  |
| Ordinary share capital         |      | 3,072   | 2,927   | 3,072  |
| Share premium account          |      | 31,062  | 29,783  | 31,062                                       |
| Reverse acquisition reserve    |      | 9,364   | 9,364   | 9,364  |
| Other reserves                 |      | (2,487)   | (2,487)   | (2,487)                                      |
| Warrant reserve                |      | 409   | 436   | 409  |
| Accumulated losses             |      | (43,444)  | (41,507)  | (42,473)                                     |
| <b>Total equity</b>            |      | <b>(2,024)</b>  | (1,484)   | (1,053)                                      |



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 6 months ended 31 December 2018

|  | Ordinary share capital<br>£'000 | Share premium account<br>£'000 | Reverse acquisition reserve<br>£'000 | Other reserves<br>£'000 | Warrant reserve<br>£'000 | Accumulated Losses<br>£'000 | Total equity<br>£'000 |
|--|---------------------------------|--------------------------------|--------------------------------------|-------------------------|--------------------------|-----------------------------|-----------------------|
| <b>Balance at 1 July 2018</b>          | <b>3,072</b>                    | <b>31,062</b>                  | <b>9,364</b>                         | <b>(2,487)</b>          | <b>409</b>               | <b>(42,473)</b>             | <b>(1,053)</b>        |
| Comprehensive expense                  | -                               | -                              | -                                    | -                       | -                        | (972)                       | (972)                 |
| Loss for the year                      | -                               | -                              | -                                    | -                       | -                        | (972)                       | (972)                 |
| Other comprehensive income             | -                               | -                              | -                                    | -                       | -                        | 1                           | 1                     |
| Currency translation differences       | -                               | -                              | -                                    | -                       | -                        | 1                           | 1                     |
| Total other comprehensive income       | -                               | -                              | -                                    | -                       | -                        | 1                           | 1                     |
| Total comprehensive expense            | -                               | -                              | -                                    | -                       | -                        | (971)                       | (971)                 |
| Transactions with owners               | -                               | -                              | -                                    | -                       | -                        | -                           | -                     |
| Effects of fundraisings                | -                               | -                              | -                                    | -                       | -                        | -                           | -                     |
| Effects of warrants                    | -                               | -                              | -                                    | -                       | -                        | -                           | -                     |
| Total of transactions with owners      | -                               | -                              | -                                    | -                       | -                        | -                           | -                     |
| <b>Balance at the 31 December 2018</b> | <b>3,072</b>                    | <b>31,062</b>                  | <b>9,364</b>                         | <b>(2,487)</b>          | <b>409</b>               | <b>(43,444)</b>             | <b>(2,024)</b>        |

For the 6 months ended 31 December 2017

|  | Ordinary share capital<br>£'000 | Share premium account<br>£'000 | Reverse acquisition reserve<br>£'000 | Other reserves<br>£'000 | Warrant reserve<br>£'000 | Accumulated Losses<br>£'000 | Total equity<br>£'000 |
|--|---------------------------------|--------------------------------|--------------------------------------|-------------------------|--------------------------|-----------------------------|-----------------------|
| <b>Balance at 1 July 2017</b>          | <b>2,757</b>                    | <b>28,671</b>                  | <b>9,364</b>                         | <b>(2,487)</b>          | <b>409</b>               | <b>(40,594)</b>             | <b>(1,880)</b>        |
| Comprehensive expense                  | -                               | -                              | -                                    | -                       | -                        | (916)                       | (916)                 |
| Loss for the year                      | -                               | -                              | -                                    | -                       | -                        | (916)                       | (916)                 |
| Other comprehensive income             | -                               | -                              | -                                    | -                       | -                        | 3                           | 3                     |
| Currency translation differences       | -                               | -                              | -                                    | -                       | -                        | 3                           | 3                     |
| Total other comprehensive income       | -                               | -                              | -                                    | -                       | -                        | 3                           | 3                     |
| Total comprehensive expense            | -                               | -                              | -                                    | -                       | -                        | (913)                       | (913)                 |
| Transactions with owners               | 170                             | 1,139                          | -                                    | -                       | -                        | -                           | 1,309                 |
| Effects of fundraisings                | 170                             | 1,139                          | -                                    | -                       | -                        | -                           | 1,309                 |
| Effects of warrants                    | -                               | (27)                           | -                                    | -                       | 27                       | -                           | -                     |
| Total of transactions with owners      | 170                             | 1,112                          | -                                    | -                       | 27                       | -                           | 1,309                 |
| <b>Balance at the 31 December 2017</b> | <b>2,927</b>                    | <b>29,783</b>                  | <b>9,364</b>                         | <b>(2,487)</b>          | <b>436</b>               | <b>(41,507)</b>             | <b>(1,484)</b>        |

For the year ended 30 June 2018

|                                    | Ordinary share capital<br>£'000 | Share premium account<br>£'000 | Reverse acquisition reserve<br>£'000 | Other reserves<br>£'000 | Warrant reserve<br>£'000 | Accumulated Losses<br>£'000 | Total equity<br>£'000 |
|------------------------------------|---------------------------------|--------------------------------|--------------------------------------|-------------------------|--------------------------|-----------------------------|-----------------------|
| <b>Balance at 1 July 2017</b>      | <b>2,757</b>                    | <b>28,671</b>                  | <b>9,364</b>                         | <b>(2,487)</b>          | <b>409</b>               | <b>(40,594)</b>             | <b>(1,880)</b>        |
| Comprehensive expense              | -                               | -                              | -                                    | -                       | -                        | (1,878)                     | (1,878)               |
| Loss for the year                  | -                               | -                              | -                                    | -                       | -                        | (1,878)                     | (1,878)               |
| Other comprehensive income         | -                               | -                              | -                                    | -                       | -                        | (1)                         | (1)                   |
| Currency translation differences   | -                               | -                              | -                                    | -                       | -                        | (1)                         | (1)                   |
| Total other comprehensive income   | -                               | -                              | -                                    | -                       | -                        | (1)                         | (1)                   |
| Total comprehensive expense        | -                               | -                              | -                                    | -                       | -                        | (1,879)                     | (1,879)               |
| Transactions with owners           | -                               | -                              | -                                    | -                       | -                        | -                           | -                     |
| Effects of fundraisings            | 315                             | 2,391                          | -                                    | -                       | -                        | -                           | 2,706                 |
| Effects of warrants                | -                               | -                              | -                                    | -                       | -                        | -                           | -                     |
| Total of transactions with owners  | 315                             | 2,391                          | -                                    | -                       | -                        | -                           | 2,706                 |
| <b>Balance at the 30 June 2018</b> | <b>3,072</b>                    | <b>31,062</b>                  | <b>9,364</b>                         | <b>(2,487)</b>          | <b>409</b>               | <b>(42,473)</b>             | <b>(1,053)</b>        |

## CONSOLIDATED STATEMENT OF CASH FLOW

For the 6 months ended 31 December 2018

|   | <b>Unaudited 6<br/>months<br/>ended 31<br/>December<br/>2018<br/>£'000</b> | Unaudited 6<br>months<br>ended 31<br>December<br>2017<br>£'000 | Audited 12<br>months<br>ended 30<br>June<br>2018<br>£'000 |
|---|--|--|---|
| <b>Cash flows from operating activities</b>                   |  |  |   |
| Cash used in operations                                       | <b>(610)</b>   | (1,120)  | (2,156)   |
| <b>Net cash used in operating activities</b>                  | <b>(610)</b>   | (1,120)  | (2,156)   |
| <b>Cash flows from financing activities</b>                   |  |  |   |
| Repayment of borrowings                                       | <b>(38)</b>  | (280)  | (343)   |
| Share capital issued for cash                                 | -  | 1,309  | 2,706   |
| <b>Net cash generated from financing activities</b>           | <b>(38)</b>  | 1,029  | 2,363   |
| <b>Net increase / (decrease) in cash and cash equivalents</b> | <b>(648)</b>   | (91)   | 207   |
| Cash and cash equivalents at the start of the period          | <b>861</b>   | 654  | 654   |
| Exchange (losses) / gains                                     | <b>(2)</b>   | 7  | -   |
| <b>Cash and cash equivalents at the end of the period</b>     | <b>211</b>   | 570  | 861   |

## NOTES TO THE INTERIM RESULTS

### 1. Basis of Preparation

Nu-Oil and Gas plc is a company incorporated in the United Kingdom. The unaudited consolidated interim financial statements for the six months ended 31 December 2018 include the Company and its subsidiaries.

These interim financial statements are prepared under International Financial Reporting Standards as adopted by the European Union. This condensed set of financial statements have been prepared in the same way using accounting policies consistent with those in the last Annual Report. During this period there have been no new accounting standards adopted that would have a significant impact on the Group.

The Directors continue to adopt the going concern basis in preparing these Consolidated Interim Financial Statements as they have a reasonable expectation that the Group and Company has sufficient resources, including those from the recent placing as announced on 29 March 2019, for the short term and will be able to obtain adequate funding to continue operating for the foreseeable future. In forming this judgement, the Directors reviewed the Group's funding, budget and strategy. The Directors have relied upon the critical assumption that the Group will be able to achieve identified key milestones associated with its strategy to acquire and develop stranded and marginal fields which they believe will result in the availability of adequate additional funding. To the extent that any of the assumptions are shown to not be valid the Directors believe that there are a number of actions that they may take to ensure that the Company remains a going concern.

To the extent that the above assumptions are not valid, there exists a material uncertainty that may cast significant doubt upon the Group's and the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group or Parent Company were not considered to be a going concern.

### 2. Segmental Information

|  | <b>Unaudited<br/>As at<br/>31 December<br/>2018<br/>£'000</b> | Unaudited<br>As at<br>31 December<br>2017<br>£'000 | Audited<br>As at<br>30 June<br>2018<br>£'000 |
|--|---|--|--|
| <b>Segment net (loss) for the period</b> |   |  |  |
| UK – Non-current assets                  | <b>(113)</b>  | (113)  | (225)  |
| UK – Corporate expenses                  | <b>(681)</b>  | (636)  | (1,309)                                      |
| Canada – Non-current assets              | <b>(59)</b>   | (58)   | (118)  |
| Canada – Corporate expenses              | <b>(31)</b>   | (11)   | (20)   |
| <b>Loss from operations</b>              | <b>(884)</b>  | (818)  | (1,672)                                      |
| <b>Segment assets</b>                    |   |  |  |
| UK – Non-current assets                  | <b>565</b>  | 791  | 677  |
| UK – Current assets                      | <b>1,070</b>  | 1,538  | 1,820  |
| Canada – Non-current assets              | <b>752</b>  | 892  | 807  |
| Canada – Current assets                  | <b>29</b>   | 16   | 35   |
| <b>Total assets</b>                      | <b>2,416</b>  | 3,237  | 3,339  |
| <b>Segment liabilities</b>               |   |  |  |
| UK                                       | <b>(3,590)</b>  | (3,838)  | (3,542)                                      |
| Canada                                   | <b>(850)</b>  | (883)  | (850)  |
| <b>Total liabilities</b>                 | <b>(4,440)</b>  | (4,721)  | (4,392)                                      |

### 3. Loss per Share

|  | <b>Unaudited As<br/>at 31<br/>December<br/>2018<br/>£'000</b> | Unaudited<br>As at 31<br>December<br>2017<br>£'000 | Audited<br>As at<br>30 June<br>2018<br>£'000 |
|--|---|--|--|
| Loss attributable to shareholders of the Company         | (972)   | (916)  | (1,878)                                      |
| Weighted average number of shares in issue               | <b>1,364,027,131</b>  | 1,209,142,348                                      | 1,257,654,599                                |
| Fully diluted weighted average number of shares in issue | <b>1,364,027,131</b>  | 1,209,142,348                                      | 1,257,654,599                                |
| Basic loss per share (expressed in pence per share)      | <b>(0.1p)</b>   | (0.1p)   | (0.1p)                                       |
| Diluted loss per share (expressed in pence per share)    | <b>(0.1p)</b>   | (0.1p)   | (0.1p)                                       |

### 4. Trade and Other Receivables

|                                   | <b>Unaudited As<br/>at 31<br/>December<br/>2018<br/>£'000</b> | Unaudited<br>As at 31<br>December<br>2017<br>£'000 | Audited<br>As at<br>30 June<br>2018<br>£'000 |
|-----------------------------------|---|--|--|
| Sales taxes receivable            | <b>145</b>  | 174  | 178  |
| Prepayments and other receivables | <b>742</b>  | 810  | 815  |
|                                   | <b>887</b>  | 984  | 993  |

### 5. Trade and Other Payables

|                                 | <b>Unaudited<br/>As at 31<br/>December<br/>2018<br/>£'000</b> | Unaudited<br>As at 31<br>December<br>2017<br>£'000 | Audited<br>As at<br>30 June<br>2018<br>£'000 |
|---------------------------------|---|--|--|
| Trade payables                  | <b>474</b>  | 312  | 481  |
| Accruals                        | <b>1,181</b>  | 1,427  | 1,157  |
| Taxation and social security    | <b>98</b>   | 1  | 98   |
| Loan repayable to Shard Capital | <b>1,689</b>  | 1,598  | 1,643  |
| Other payables                  | <b>7</b>  | 91   | 2  |
|                                 | <b>3,449</b>  | 3,429  | 3,381  |

Included within accruals is a balance of £552,000 (2017: £548,000) which relates to the RMRI Group and is a further balance due to related parties. Alan Minty and Damian Minty are shareholders in the RMRI Group. This accrual owing is in addition to the related party balance of £520,000 shown in the Consolidated Statement of Financial Position.

It is included in Group's accruals as the debt has been presented as an Application for Payment. Applications for Payment are utilised where there is uncertainty with respect to timing of payment so as to not generate a VAT liability for the service provider until payment is made.

During the period, the Group made payments of £38,000 to Shard Capital Management against its outstanding loan.

## 6. Related Party Transactions

The following table shows transactions and balances with related parties.

|  | <b>Unaudited<br/>As at 31<br/>December<br/>2018<br/>£'000</b> | Unaudited<br>As at 31<br>December<br>2017<br>£'000 | Audited<br>As at<br>30 June<br>2018<br>£'000 |
|--|---|--|--|
| <b>Services received from RMRI Group</b> |   |  |  |
| Employment Service Contracts             | <b>75</b>   | 141  | 150  |
| Other Services                           | <b>41</b>   | 32   | 58   |
| <b>Total</b>                             | <b>116</b>  | 173  | 208  |
| <b>Balance owing</b>                     |   |  |  |
| RMRI Group                               | <b>520</b>  | 807  | 541  |

Alan Minty and Damian Minty are shareholders in the RMRI Group. Included with in accruals is a balance of £552,000 (2017: £548,000) which relates to the RMRI Group and is a further balance due to related parties.

## 7. Subsequent Events

Following the end of the period, the Company raised £250,000 before expenses through the issuance of 83,333,333 new ordinary shares in a placing. In conjunction with the placing 8,333,333 warrants were issued to Novum Securities Limited.