Nu-Oil and Gas plc
(formerly Enegi Oil PLC)

Incorporated and registered in England and Wales with registered number 6370792

Annual Report and Accounts
for the year ended
30 June 2015

CONTENTS

CONTENTS	Page
Highlights	3
Chairman's Statement and Operational Review	4
Financial Review	6
Directors and Advisers	8
Directors' Biographies	10
Corporate Governance	11
Health, Safety, the Environment and Corporate Social Responsibility	12
Directors' Report	13
Statement of Directors' Responsibilities	17
Directors' Remuneration Report	18
Independent Auditors' Report to the members of NU-Oil and Gas plc	20
Consolidated and Parent Company Financial Statements	23
Notes to the Financial Statements	30
Appendix I - Glossary of terms	53

HIGHLIGHTS

Building a portfolio of Stranded Fields:

- Continuing focus on the development of the stranded and marginal fields through the recent investment in, and relationship with, ABT Oil and Gas Ltd. ("ABTOG") in which the Company holds a 50% interest.
- ABTOG has developed the MFD Consortium which is a group of major industry service companies and equipment suppliers, including Arup, Kongsberg, Frames and AGR as key members, which have the recognised expertise to deliver key aspects of the engineering solution.
- Strategy focused on utilising engineering solutions that reduce both Capex and Opex and are redeployable to build a portfolio of low risk highly appraised marginal assets.
- The portfolio that was acquired before the oil price fall of 2014 appears to be uneconomic at the current oil price and will be relinquished. The Company has provided for all liabilities with respect to these assets.

Other Projects:

- Having considered the performance of the Group's Canadian assets in the period and the general economic environment affecting the sector, it is Management's view that the funds necessary to develop these assets are unavailable and therefore we will be looking actively at alternative means by which these assets can be taken forward.

Financial:

- Loss before tax for the year was £5,274,000 (2014: £4,859,000).
- The loss for the year includes £140,000 of finance costs associated with re-negotiating financing arrangements with Shard Capital Management ('Shard') for the extension of its loan and its increase by £200,000.
- There was an exceptional charge of £4,115,000 (including the effect of foreign exchange) for an impairment against the carrying value of the Group's Canadian assets. This was necessary due to the recent movement in the oil price and management's subsequent evaluation of the availability of capital to develop the assets.
- The effect of the exceptional charge was to push the Group into a net liability position of £2,899,000. The net liabilities mainly relate to the loan owed to Shard and to related party creditors. At this time neither Shard nor related parties have sought to recover these debts and it is expected that they will continue to support the Group.
- The status of commercial discussions on a number of projects provide management with the confidence that the business model has global potential and that the Group can satisfy its liabilities and operate as a going concern.
- Post year end, the Company raised £435,000 (before expenses of £58,000) through the placement of shares. Further fundraising will be required in the short term to implement the business plan.

OUTLOOK

- Clear focused strategy for commercialising stranded and marginal fields.
- Recent commercial activity provides Directors and management with confidence regarding the viability of the business model and provides confidence that the Company can add further projects to its portfolio.
- Further implementation of the business plan will require an injection of new capital into the business, but the value that additional capital will be able to generate should significantly exceed the effect of any potential shareholder dilution.

STRATEGIC REPORT

CHAIRMAN'S STATEMENT AND OPERATIONAL REVIEW

We have spent four years implementing a business plan based upon the exploitation of marginal or stranded field opportunities and are now starting to see the results of our perseverance. It has not been an easy task in the current low cost oil price environment but, counter-intuitively, we may accrue more opportunities in this environment than if the oil price were higher. With this new strategy and new company name now in place we are making considerable progress towards securing our first project and we believe we will be well placed to build a portfolio of similar opportunities. We expect this will generate value and growth in both the short and long term.

We are able to do this as a result of our recent investment in ABT Oil and Gas Ltd. ('ABTOG'). ABTOG can dramatically improve the economics of fields of different sizes and stages of development and operation, through appropriate structuring of projects, through relationships it has developed with blue-chip providers of expertise and through technology that will assist in delivery of its solutions; all of which can be leveraged to deliver the portfolio we anticipate. Our general objective is similar to many companies in the sector in that we are seeking to acquire holdings in oil and gas assets but at lower risk as we are focused solely on appraised or producing assets.

Solidifying the relationships with major industry players through the MFD Consortium ('the Consortium') that ABTOG has established has been a real achievement for the Company during the past year. The Consortium is a group of major industry service companies and equipment suppliers, including Arup, Kongsberg, Frames and AGR as key members, which have the recognised expertise to deliver key aspects of the engineering solution; and in association with the Consortium ABTOG is able, in some cases, to reduce the total cost of a project by up to 60%. In addition to being a shareholder in ABTOG, the Company also has an exclusive commercial arrangement with ABTOG and the Consortium under which the Company is able to assess opportunities to invest in fields where the implementation of ABTOG's solutions requires an injection of new capital. Management's belief is that the Company provides investors with a rare value opportunity in the current macroeconomic environment where the lower oil price is forcing operators to consider ways to reduce the costs of their developments.

Since we concluded our fundraising in early November 2015 we have embarked upon the process of securing projects. Discussions are well advanced with a number of operators to secure projects that would positively impact upon the future of the Company both in the short and long term. The aim is to build a portfolio of projects and opportunities that do not expose the Company to exploration and appraisal risk. We simply seek to utilise proven solutions to change a project's cost base to being economic now with the potential for it to be extremely valuable should the oil price rebound in the coming years. Not adopting our approach would mean that viable resources become stranded rather than be developed.

A key risk in executing the strategy is the ability of the Company to raise and structure the financing of projects and to ensure that current shareholders do not get diluted to insignificance on the first project because the capital required is large. The Company will achieve this wherever possible through specific project finance in which the Company dilutes its stake in a particular project through raising external capital rather than diluting its own capital structure. This can be done in a number of ways including farming out its interest or establishing special purpose vehicles to access different funding sources, i.e. vehicles for field investment and for facility construction.

The Company and ABTOG independently have executed mandates with Fearnley Securities, a well-respected independent full service Norwegian investment bank that has approximately 350 employees with a strong global presence. Fearnley's particular expertise is in maritime industries and they will work with the Company to develop the appropriate models, structures and financing arrangements necessary to implement the business model.

With respect to our assets in western Newfoundland, we remain convinced that they can be productive but in this environment the capital requirements necessary to achieve that are beyond the Company's reach. Consequently, we will be actively looking at alternative means by which these assets can be taken forward.

Outlook

As a consequence of the current macroeconomic environment the Company expects that the projects that it will become involved with, in terms of quantum and profile, will far exceed anything that the Company has participated in before. Management are confident that we will be able to add to the portfolio over the next period and we look forward to working on these projects. Continuous engagement with the MFD Consortium through ABTOG, as well as our own market intelligence and increased profile, will enable us to do that.

Further implementation of the business plan will require an injection of new capital into the business, but the value that additional capital is able to generate should significantly exceed the effect of any potential shareholder dilution. The Directors and I continue to believe that the Company has developed a very attractive and unique business and that additional finance will be available to the Company upon completion of certain aspects of its plans.

It is my belief that we have established a venture that has the potential to be a global initiative and we would not have attracted the interest we have if others within the industry did not feel the same. The outlook is very strong and, as a final thought, I would like to thank management and shareholders alike for their continued support and look forward to realising the rewards from the opportunities that have been created over the last few years.

Alan Minty

Chairman

30 December 2015

STRATEGIC REPORT

FINANCIAL REVIEW

The Consolidated Financial Statements and notes on pages 23 through to 52 should be read in conjunction with this review which has been included to assist in the understanding of the Group's financial position at 30 June 2015.

Revenue

Revenue of £27,000 was generated during the year ended 30 June 2015 as part of the testing of the PAP#1 well at the Garden Hill site (2014: £45,000). Having carefully reviewed the status of the operations in western Newfoundland as well as the general macro-economic environment affecting the oil and gas sector it is Management's considered opinion that the work required to make the PAP#1 well profitable is not fundable in the current environment and so the Company has fully impaired the asset.

Loss before tax

Loss before tax for the year was £5,274,000 (2014: £4,859,000 loss). The main area of expense has been the continuing development of the foundations for the marginal field initiative. The loss for the year includes an exceptional charge of £4,115,000 for the impairment of the Group's Canadian assets which was deemed necessary to reflect the current fall in the price of oil and the general investment environment affecting oil and gas assets of this type. The loss also includes £240,000 (2014: £301,000) of finance costs mainly associated with extending and increasing the loan with Shard Capital Management. Management have significantly cut costs over the period as they have sought to reposition the Company to focus on the opportunities offered by stranded assets.

Statement of Financial Position

The consolidated statement of financial position for the group is shown on page 24. Group net liabilities at 30 June 2015 were £2,899,000 (2014: net assets of £2,436,000). There has been a decrease in net assets due to the impairment of the Canadian assets and the operational costs funded in part by the increase in loan from Shard Capital Management. The majority of the Company's liabilities are due to related parties and to Shard Capital Management. It is the Company's view that these creditors are supportive of the Company.

At 30 June 2015, the Group had cash balances of £1,000 compared to £232,000 at 30 June 2014 and raised £435,000 before expenses through the placement of shares post year end. The Group had trade and other payables of £3,936,000 at 30 June 2015 (2014: £3,220,000). These cash balances when considered with the additional information provided in Note 1 to the financial statements allow the Directors to conclude that the Group and Company should be treated as a going concern. The increase in trade and other payables is mainly due to the loan provided by Shard Capital Management.

Cash flows

Cash outflows for the year were £522,000 compared to a net outflow of £221,000 in 2014. The cash outflow was due to operational costs incurred during the year.

FINANCIAL REVIEW (Continued)

Future funding and capital requirements

The Directors believe that the Company has developed a very attractive business model in choosing to focus on the development of stranded and marginal fields. It has concluded the necessary foundations and its global potential should see an upturn in activity in 2016. Implementation of the business plan will require an injection of additional capital into the business but the value that it will be able to generate should significantly exceed the effect of any potential shareholder dilution.

Principal risks and uncertainties

Principal risks and uncertainties are included in the Director's report on page 14.

Key performance indicators

Key performance indicators are include in the Director's report on page 15.

On behalf of the board

Damian Minty

Chief Financial Officer

30 December 2015

DIRECTORS AND ADVISERS

Directors	Alan Minty (Executive Chairman) Dr Nigel Burton (Chief Executive Officer) Damian Minty (Chief Financial Officer) Frank Jackson (Non-executive Director) Prof. Mike Bowman (Non-executive Director) Tejvinder Minhas (Company Secretary)
Company secretary	Tejvinder Minhas
Registered office and head office	5th Floor, Castlefield House Liverpool Road, Manchester. M3 4SB United Kingdom
Website	www.nu-oilandgas.com
Nominated adviser and joint Broker	Cenkos Securities plc 6.7.8 Tokenhouse Yard London EC2R 7AS
Joint Broker	Beaufort Securities Ltd 131 Finsbury Pavement London EC2A 1NT
Solicitors	As to English law: Gowlings LLP 15th Floor, 125 Old Broad Street, London EC2N 1AR As to Canadian law: Stewart McKelvey 100 New Gower Street St. John's, NL, A1C 5V3 Canada
Bankers	HSBC 5 Great Underbank, Stockport, Cheshire SK1 1LH HSBC Bank Canada, 205, Water Street, St. John's, Newfoundland A1C 1B4 Canada

DIRECTORS AND ADVISERS (Continued)

Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 101 Barbirolli Square Lower Mosley Street Manchester M2 3PW
Registrars	Computershare Investor Services plc The Pavilions Bridgwater Road Bristol BS13 8AE
Country of incorporation	The Company is incorporated and registered in England and Wales with registered number 6370792

DIRECTORS' BIOGRAPHIES

Alan Minty, Executive Chairman (Age 69)
Mr. Minty qualified as a Chartered Engineer in 1975. He has over 30 years' industrial experience, having worked for companies such as Anglo American Corporation, British Steel Corporation and Occidental Oil Corporation/Petromin as well as having extensive experience of the oil and gas industry worldwide and in Newfoundland in particular. Mr. Minty's first experience in the offshore industry was as a risk adviser for the Norwegian Petroleum Directorate in 1979 where he was a member of the team responsible for the development of risk-based regulations. Since then he has worked on major contracts for clients such as Mobil, BP, Amerada Hess, Shell, Texaco, and, in Newfoundland, on the Hibernia, Terra Nova, and White Rose projects. Mr. Minty has a BSc in Mechanical Engineering from Manchester University and an MSc in Management Studies from Bradford Management Centre.

Nigel Burton, Chief Executive Officer (Age 57)
Dr Burton has over 25 years' experience in operational and financial management, debt and equity financing, acquisition and integration of businesses, disposals, IPOs and trade sales. Following over 14 years as an Investment Banker at leading City institutions including UBS Warburg and Deutsche Bank, including as the Managing Director responsible for the energy and utilities industries, Dr Burton has spent 15 years as CFO of a number of private and public companies, including Navig8 Product Tankers Inc, PetroSaudi Oil Services Limited, Advanced Power AG and Granby Oil and Gas plc. Dr Burton is a Chartered Electrical Engineer (FIET) and a Past President of the Institute of Engineering and Technology. He has a B.Sc. (First Class Hons) in Electrical and Electronic Engineering and a Ph.D in Acoustic Imaging at University College London.

Damian Minty, Chief Financial Officer (Age 41)
Mr. Minty is a Chartered Accountant with over 15 years' experience. His initial experience was as an auditor in a large accountancy firm before moving to London to work at JP Morgan and Deutsche Bank. Mr. Minty was the Commercial Manager of the Company after the IPO before taking over as Chief Financial Officer in 2009. He holds a BSc in Computer Science and Management Studies.

Frank Jackson, Non-Executive Director (Age 67)
Mr. Jackson has over 20 years' experience in the oil and gas sector where he has raised significant funds, taken companies to market and negotiated hydrocarbon asset transactions. Most recently, Mr. Jackson was the Executive Commercial Director of Aurelian Oil and Gas which during his association with the company raised over C$100m. Mr. Jackson has an MBA from the University of Cape Town and is a Fellow of Chartered Institute of Secretaries and Administrators.

Tejvinder Minhas, Company Secretary (Age 43)
Mr. Minhas is a Chartered Secretary and has been the Company Secretary for the Company since September 2007. He has extensive experience advising on commercial, contractual, legal and compliance matters. Prior to joining, Mr. Minhas worked as a Commercial Manager within the oil and gas sector. He holds a BSc in Economics, a Graduate Diploma in Law and is a Fellow of the Chartered Institute of Company Secretaries.

Mike Bowman, Non-Executive Director (Age 62)
Professor Mike Bowman has over 30 years' experience in the field of development and production geology spending his whole career in industry with BP, where he worked his way up to the position of Vice President of Geoscience and Subsurface. He is now a Professor of Development and Production Geology at the University of Manchester. Professor Bowman holds a PHD in Geology from the University of Sheffield.

CORPORATE GOVERNANCE

The Group has not complied with the requirements of the Corporate Governance Code 2012 during the year as it is an AIM listed company. The governance framework that has been applied throughout the year is set out below:

Role and responsibilities of the Board
The Directors are responsible for the stewardship of the Company and for overseeing the conduct of the business of the Company and the activities of management, who are responsible for the day-to-day conduct of the business.

The Directors' primary responsibilities are to preserve and enhance long-term shareholder value and to ensure that the Company can meet its obligations on an on-going basis and that it continues to operate in a reliable and safe manner. The stewardship of the Company involves the Directors in strategic planning, key investment decisions, risk management and mitigation, composition and assessment of the senior management team, communication planning and internal control integrity.

Board meetings
The Board has an obligation to meet at least four times a year which take place either with a quorum or a full complement of Directors present. Meetings are supplemented by conference calls during intervening months. The executive and non-executive directors maintain frequent contact to discuss any issues of concern they may have and to keep them fully briefed on the Company's operations.

Independent Professional Advice
All Directors and Committees have access to independent professional advice when required. The cost of such professional advice is covered by the Company.

Committees
The Directors currently have in place three committees of Directors: an Audit Committee, a Remuneration Committee and a Nomination Committee. Each of these committees operates within written terms of reference approved by the Directors. Since the appointment of new Directors in October 2011 each committee has been expanded to include two Directors apart from the Audit Committee which comprises of only one Director. Brief details of each committee are set out below.

> *Audit Committee:* The Audit Committee's mandate is to assist the Directors in fulfilling their responsibilities with respect to the Company's financial statements and other financial information required to be disclosed by the Company to the public, the Company's compliance with legal and regulatory requirements, and the performance of the Company's external auditor. The committee comprises one Director: Frank Jackson.
>
> *Remuneration Committee:* The Remuneration Committee's mandate is to assist the Directors in fulfilling their oversight responsibilities with respect to developing compensation and human resource policies and developing and assessing executive management compensation, development and succession. The committee now comprises two Directors: Frank Jackson (Chairman) and Prof. Mike Bowman.
>
> *Nomination Committee:* The Nomination Committee's mandate is to assist the Directors with the appointment and re-appointment of Directors to the Board and to senior executive office. The Committee now comprises two Directors: Prof. Mike Bowman (Chairman) and Frank Jackson.

Insurance
The Company maintains general commercial insurance cover as is appropriate for a business of its size and complexity. Frequently, specific cover is required by local regulators and the Company complies with these requirements. Additionally, during the financial year and at the date of the financial statements the Company held directors' and officers' insurance cover which is a qualifying third party indemnity insurance. The levels of insurance cover for all types of liability are reviewed on an annual basis.

HEALTH, SAFETY, THE ENVIRONMENT AND CORPORATE SOCIAL RESPONSIBILITY

How we operate:

- We run our business in compliance with the law and applicable regulation
- We diligently pursue the safety and well-being of our people at all times
- We act openly and honestly in all our business dealings
- We strive to be a good partner with local communities and in the environments in which we operate
- We will seek to comply with best practice in terms of corporate governance and business practice

Our objective is to operate safely, to minimise our impact on the environment and to foster and support long-term development and self-sustaining enterprise in local communities.

Health and safety
The safety of our staff, contractors and those in our local communities is of paramount concern to us and we are pleased to report that there were no significant health or safety incidents during the year.

The Company has an established Health, Safety and Environmental ("HSE") policy that is reviewed on an annual basis. Where we do not have the in-house skills to develop and implement this policy, we work with specialist consultants to ensure proper control of our activities. The Company's HSE policy is supported by the Board which receives updates at Board meetings on HSE activities and any incidents which occur.

In light of our role as operator of our assets, we have commenced a thorough review and further development of our HSE systems and processes to ensure that we're ready to take on the new challenges we will face.

Environment
The Company's objective is to minimise our impact on the local environment and, during the year, NU-Oil and Gas reported no environmental issues. The Company continues to maintain an excellent track record of operating as a partner in Western Newfoundland, an area of high environmental sensitivity.

The Company is aware of the importance of managing the external impact of our operations and environmental impact assessments are undertaken as a key part of our operations planning. NU-Oil and Gas has staff who are qualified professionals to undertake our environmental planning. This team is augmented where appropriate through the use of external specialist consultants.

We are committed to transparent disclosure and clear communication of our activities and policies, both internally and externally. We are constantly refining our policies and procedures to manage the increasing range of risks we face in our business and to facilitate our day to day work.

Corporate social responsibility
NU-Oil and Gas recognises both the business imperative and the moral obligation to carry out our activities in a socially responsible way. The Company's aim is to contribute to the communities in which we operate through:

> *Our staff:* They will be trained and developed in roles providing fulfilling employment whilst maintaining a culture which encourages an enjoyable work-life balance.
>
> *Our supply chain:* We will collaborate with suppliers to develop long term partnerships, locally, whenever possible, based on fair procurement methods, where long term reward is our objective and not adversarial relationships.
>
> *Our role in the community:* We will recognise the environmental, social and economic needs of the communities we work in and involve them in suitable initiatives that utilise our skills, time and financial support.
>
> *Our operations:* We will develop our assets using sustainable, safe methods of work while striving to continuously improve them for the benefit of all stakeholders.

DIRECTORS' REPORT

The Directors submit their report together with the audited Company and Consolidated Financial Statements of Nu-Oil and Gas plc for the year ended 30 June 2015.

Principal activities
The principal activity of the Company and Group is the identification, development and operation of hydrocarbon opportunities with its focus being on the acquisition of stranded/marginal fields the location of which could be in any jurisdiction. The Group's head office is in Manchester, United Kingdom and there are regional offices in St. John's, Newfoundland, Canada and Aberdeen, United Kingdom.

On 26 October 2015 the Company changed its name from Enegi Oil Plc to Nu-Oil and Gas plc. Nu-Oil and Gas plc was incorporated in the United Kingdom and Enegi Oil Inc., which is the principal operating subsidiary of the Group, was incorporated in the Province of Newfoundland and Labrador in order to acquire a portfolio of oil and gas assets on the Port au Port peninsula in Western Newfoundland.

Business review and future developments
A review of the Group's operations during the year, the results of those operations and the future prospects for the Group are contained in the Chairman's Statement and Operational Review and Financial Review on pages 4 to 7.

Directors
The Directors who served in office during the financial year and up to the date of signing the Financial Statements were as follows:
Alan Minty
Nigel Burton – Appointed 20 October 2015
Damian Minty
Frank Jackson
Tejvinder Minhas
Mike Bowman

Results and dividends
The Consolidated Financial Statements for the year ended 30 June 2015 are as set out on pages 23 to 52. The Group's loss for the year was £5,274,000 (2014: £4,859,000). The Company is unable to recommend the payment of a dividend at this time (2014: £nil).

Capital structure and significant shareholders
Details of the issued share capital together with details of movements in share capital during the year are included in the Consolidated Statement of Changes in Equity on page 26 and in Note 13 to the Consolidated Financial Statements. Details of employee share schemes are set out in Note 16 to the Consolidated Financial Statements.

The significant interests in the voting rights of the Company's issued share capital (at or above the 3% notification threshold) at 30 November 2015 were as follows:

	Number of shares	% of total
YA Global Master SPV, Ltd	10,173,310	3.24

Annual General Meeting
The Company's next Annual General Meeting will be held before 28 February 2016. A notice of the Annual General Meeting will be issued at least 21 days in advance.

DIRECTORS' REPORT (Continued)

Principal Risks and Uncertainties
The Group is subject to various risks as a result of operating, industrial, financial, political, legal and social conditions at any given point in time which management consider in applying its strategy. The Directors consider the following risk factors, which are not exhaustive, particularly relevant to the Group's business activities:

Exploration and development risk: The exploration and development of hydrocarbons is speculative and involves a high degree of risk. These risks include the possibility that the Group will not discover sufficient oil or gas reserves to exploit commercially or that those reserves which it does discover cannot be recovered economically.

Ability to exploit discoveries: It may not always be possible for the Group to participate in the exploitation of discoveries. Exploitation may involve the need to obtain licences or clearances from government authorities in the relevant jurisdiction, which may require conditions to be satisfied and/or the exercise of discretion by those authorities. It may or may not be possible for such conditions to be satisfied.

Uncertainty of reserve estimates: There are numerous uncertainties inherent in estimating quantities of oil and natural gas reserves and the future cash flows attributable to such reserves. In general, estimates of economically recoverable oil and gas reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions including reservoir characteristics based upon geological, geophysical and engineering assessments, future oil and natural gas prices and quality differentials, production rates and the timing and amount of capital expenditures.

Environment: The Group is subject to extensive environmental and safety legislation, which may become more stringent. The Group may require further approvals before it can undertake activities which may affect the environment.

Financial Risk Management
The Group is subject to certain financial risks which management routinely consider. The Directors consider the following risk factors, which are not exhaustive, particularly relevant to the Group's business activities:

Currency risk: The Group is exposed to changes in the exchange rate between the British pound and Canadian dollar (CAD). Such movements could significantly impact the financial performance of the Group. The Group's principal operating subsidiary holds a significant proportion of its cash and cash equivalents in CAD and has a functional currency of CAD.

At each period end, assets and liabilities that are held in a currency other than the Group's reporting currency are translated into sterling. The resultant foreign currency gain or loss arising is reflected in the consolidated statement of comprehensive income (SOCI) in the period in which it arises. During the year, a further 10% gain in the value of CAD versus the pound would have led to an increase in the amount recognised in the SOCI of £411,000 (2014: decrease of £202,000).

Going forward, the Group will mitigate the effects of its structural currency exposure by converting funds raised for investment and operations into the relevant currency of the investment or operations when the funds are raised. The Group's policy will also be to hedge most of its foreign exchange exposure at the point when a contractual obligation creates a forward exposure. The Group's policy is not to undertake any speculative currency positions.

Commodity prices: The Group's future revenues and cash flows will come primarily from the sale of oil and gas. If oil and gas prices should fall below and remain below the Group's cost of production for any sustained period, the Group may experience losses and may be forced to curtail or suspend some or all of its operations. In addition, the Group would also have to assess the economic impact of low oil or gas prices on the Group's ability to recover any losses which the Group may incur during this period and on the Group's ability to maintain adequate reserves.

Oil and gas prices are volatile and are influenced by factors beyond the Group's control such as supply and demand, political and social developments, exchange rates, interest rates and inflation.

Liquidity risk: The Group has based its future projections on achieving commercial production from the implementation of the Marginal Field Initiative business model. The implementation of the Marginal Field Initiative business plan will require an injection of new capital into the business, but the value that additional capital is able to generate should significantly exceed the effect of any potential shareholder dilution.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The Company has access to funding and these are considered sufficient to meet the anticipated funding requirements. Rolling cash flow forecasts of the Company's liquidity requirements are monitored to ensure it has sufficient cash to meet operational needs over the next twelve months.

Counterparty risk: The Group shares working interests in its offshore prospects with third parties. To the extent that these third parties are unable to meet their obligations under the terms of the exploration licence, the Group may face additional costs for developing those assets. The Directors monitor the financial positions of these working interest partners and look to minimise the risk of additional costs through the use of farm-in and farm-out arrangements if appropriate.

Key Performance Indicators
At this stage of the Company's development the Directors do not consider that standard industry performance indicators are relevant in assessing the Company's performance. The measures by which the Company assesses its performance will vary from year to year until it is in a position where standard industry indicators are relevant.

During the period, the main performance indicators have been the optimal development of the Company's portfolio and opportunities, including farm-ins and farm-outs, based upon the Company's resource base.

Payment policy
The Group's and Company's policy is to agree payment terms with suppliers when negotiating the purchase of goods and services, ensuring that suppliers are made aware of the terms of payment. The trade payables balance for the Group as at 30 June 2015 was equivalent to 177 days (2014: 39 days) purchases, based on the average daily amount invoiced by suppliers during the year (Company: 94 days. 2014: 37 days).

Contracts of significance
The Group has a number of contracts that are fundamental to its ongoing economic success and these all relate to its rights to conduct operations on its assets.

In Canada, the Group holds production lease PL2002-01(A) which covers an onshore area in Western Newfoundland and exploration licence EL1070 which covers an area just off the coast of Western Newfoundland. Each gives the Group the right to explore and then produce oil and gas from geological structures within the area defined by the lease or licence. The lease and licence have certain conditions attached to them relating to the making of deposits, carrying out of exploration and development programs and minimum expenditure. If the Group fails to meet these commitments, it risks either rescission or expiry of the lease and licence. During the year, the Group met all its commitments under both the lease and licence.

In 2013 the Company entered into a joint venture agreement with ABTechnology Ltd which provides the Company with its shareholding in ABT Oil and Gas Ltd. through which it implements its strategy of acquiring a portfolio of interests in marginal and stranded fields.

DIRECTORS' REPORT (Continued)

The Company has a loan agreement with Shard Capital Management which has a current outstanding amount of £1,540,000. It is repayable on demand but the Company has the option to convert the loan to equity.

Disclosure of information to auditors

As far as each Director is aware, there is no relevant audit information of which the Company's Auditors are unaware. In addition, each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

Independent auditors

A resolution to reappoint PricewaterhouseCoopers LLP as the Company's Auditors will be proposed at the forthcoming Annual General Meeting.

Share capital

The share capital of the Company represents ordinary shares only, carrying one vote per share and carrying equal right to dividend. Ordinary shares are classified in equity. No shares carry restrictions or special rights and no dividends have been paid to any shareholder. The company has not acquired any of its own shares during the year.

Insurance

The Company maintains general commercial insurance cover as is appropriate for a business of its size and complexity. Frequently, specific cover is required by local regulators and the Company complies with these requirements. Additionally, during the financial year and at the date of the financial statements the Company held directors' and officers' insurance cover which is a qualifying, third party indemnity insurance. The levels of insurance cover for all types of liability are reviewed on an annual basis.

Going concern

Having carefully reviewed the Group's funding, budget and business plan for the next twelve months, the Directors have a reasonable expectation that the group and company will be able to obtain adequate funding resources to continue operating for the foreseeable future. The Directors continue to adopt the going concern basis in preparing the Consolidated and Company Financial Statements. In forming this judgment, the Directors have relied upon certain critical assumptions which are set out in Note 1 to the financial statements. The Directors have concluded that to the extent that these assumptions are not valid, there exists a material uncertainty that casts significant doubt upon the Group's and the Company's ability to continue as a going concern. Nevertheless after making enquiries, and considering the uncertainties to assumptions described, and based on the relevant facts and information available on the date the accounts were approved by the board, the Directors consider these assumptions to be valid and as such they continue to adopt the going concern basis in preparing the financial statements.

Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Directors' Interests

Any Directors' interests in the shares of the Company are given on pages 18 to 19.

Approved by the Board of Directors on 30 December 2015

Alan Minty
Chairman

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

Tejvinder Minhas
Company Secretary
30 December 2015

DIRECTORS' REMUNERATION REPORT

This report has been approved by the Board. An ordinary resolution to approve this report will be put to shareholders at the next annual general meeting. It sets out the Company's policy on the remuneration of the Directors for the current and forthcoming financial years. Although AIM listed companies are not required to provide a remuneration report and, as such, the report below is unaudited, NU-Oil and Gas plc is committed to high standards of corporate reporting and has included the following report.

Remuneration committee
At the year end of 30 June 2015, the remuneration committee comprised of two Directors: Frank Jackson (Chairman) and Prof. Mike Bowman.

The purpose of the remuneration committee is to ensure that the executive directors of the Company are fairly rewarded for their individual contribution to the overall performance of the Company and to demonstrate to shareholders that the remuneration of the executive directors of the Company is set by an individual who has no personal interest in the outcome of their decisions and who will have due regard to the interests of the shareholders.

Remuneration policy
The Company's policy on remuneration is to attract and retain the best people available as the Directors believe this is one of the best ways of ensuring the Company's future success. The remuneration packages offered to directors use a combination of performance related and non-performance related elements designed to incentivise directors and align their interests with those of shareholders.

Procedures for fixing remuneration and other benefits
The basic salaries and other benefits applicable to the executive directors are decided by the remuneration committee. The remuneration committee also sets the criteria for bonuses and any other performance based remuneration. The committee is then responsible for measuring the extent to which these criteria have been achieved and setting the level of bonus awarded.

Report on remuneration
The committee is authorised to obtain such external professional advice and expertise as it considers necessary, and consults with the chairman of the Company. It is also authorised by the Board to investigate any matter within its terms of reference and seek any information that it requires from any employee. During the year, the committee did not seek any external advice.

Directors' interests in shares
The number of ordinary shares of 1 pence each in the Company controlled by the Directors was as follows:

	30 June 2015	30 June 2014
Alan Minty(1)	**7,608,911**	10,390,288

(1) The number of shares stated is the total number held by Alan Minty and any companies that he controls

Equity incentives
The Company operates a Performance Share Plan which is an equity reward and incentive scheme which is designed to motivate executives and staff with a view to increasing shareholder value. The remuneration committee oversees the Performance Share Plan, approves the subscription price of awards under the Plan and the performance criteria to be satisfied before exercise is permitted, and monitors the effectiveness of the Performance Share Plan as an incentive to the executives and staff.

DIRECTORS' REMUNERATION REPORT (Continued)
Equity Incentives (continued)

Under the Performance Share Plan, the options outstanding to Directors and Senior Management, as approved by the Company's Remuneration Committee, is as follows:

Name	Already Vested	Average Vest Price (£)	To Vest	Average Vest Price (£)	Total Options
Alan Minty	5,000,000	0.16			5,000,000
Damian Minty	2,800,000	0.16			2,800,000
Tejvinder Minhas	2.000,000	0.16			2,000,000
Frank Jackson	500,000	0.15			500,000

No options were exercised in the year.

Directors' contracts
The executive directors have service contracts with twelve month notice periods. Non-executive directors are appointed subject to re-election at any annual general meeting at which, pursuant to the Company's articles of association, they are required to retire by rotation. Such re-election will take place at regular intervals of not more than every three years.

Remuneration of non-executive directors
The board sets the remuneration levels for non-executive directors. They do not receive any pension or other benefits, nor do they participate in share option schemes. Their level of remuneration is based on outside advice and a review of current practice in other companies.

Directors' emoluments
The following emoluments were paid to directors for the year ended 30 June 2015:

	Salaries and fees year ended 30 June 2015 £'000	Salaries and fees year ended 30 June 2014 £'000
Alex Lamb (Non-executive director)	**-**	18
Alan Minty	**150**	150
Damian Minty	**120**	120
Derek Cochrane (Non-executive director)	**-**	14
Tejvinder Minhas	**90**	78
Frank Jackson (Non-executive director)	**24**	34
Mike Bowman (Non-executive director)	**24**	6

Due to the financial position of the Company, Directors were not recompensed for the majority of their emoluments. They will be recompensed when the Company is able.

Pensions
The Group currently has no pension arrangements in place although it may put such arrangements in place in the future.

Alan Minty
Chairman
30 December 2015

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NU-OIL AND GAS PLC (FORMERLY ENEGI OIL PLC)

Report on the financial statements

Our opinion

In our opinion:

- Nu-Oil and Gas plc (formerly Enegi Oil Plc)'s group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 30 June 2015 and of the group's loss and the group's and the company's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 1 to the financial statements concerning the Group's and Parent Company's ability to continue as a going concern. Note 1 describes the critical assumptions relied upon by the Directors relating to the achievement of the key milestones of the business plan associated with the implementation of its strategy to acquire and develop stranded and marginal fields, which will result in the availability of adequate additional funding. These conditions, along with the other matters explained in note 1 to the financial statements indicate the existence of a material uncertainty which may cast significant doubt over the Group's and Parent 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.

What we have audited

The financial statements, included within the Annual Report and Accounts (the "Annual Report"), comprise:

- the Consolidated and Company Statement of Financial Position as at 30 June 2015;
- the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated and Company Statement of Changes in Equity for the year then ended;
- the Consolidated and Company Statement of Cash Flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union and, as regards the company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NU-OIL AND GAS PLC (FORMERLY ENEGI OIL PLC) *(Continued)*

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 17, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NU-OIL AND GAS PLC (FORMERLY ENEGI OIL PLC) *(Continued)*

What an audit of the financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Nicholas Boden (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

December 2015

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2015

	Notes	**2015 £'000**	2014 £'000
Revenue		**27**	45
Cost of sales		**-**	-
Gross Profit		**27**	45
Administrative expenses (including exceptional items)	4	**(5,061)**	(4,603)
Loss from operations		**(5,034)**	(4,558)
Finance costs	5	**(240)**	(301)
Loss before tax		**(5,274)**	(4,859)
Taxation	6	**-**	-
Loss for the year		**(5,274)**	(4,859)
Loss per share (expressed in pence per share)			
Basic	7	**(2.8p)**	(2.9p)
Diluted	7	**(2.8p)**	(2.9p)

The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the Parent Company income statement or statement of comprehensive income. The loss for the Parent Company for the year to 30 June 2015 was £5,809,000 (2014: £7,558,000). The loss for the Parent Company includes an exceptional charge of £4,200,000 resulting from an impairment of the carrying value of investments in group companies. The charge was deemed necessary as a result of the recent fall in oil price. The charge can be reversed in future years should the oil price recover.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2015

	2015 £'000	2014 £'000
Loss for the year	**(5,274)**	(4,859)
Other comprehensive expense:		
Currency translation differences	**(61)**	(680)
Other comprehensive expense for the year, net of tax	**(61)**	(680)
Total comprehensive expense for the year	**(5,335)**	(5,539)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Notes	**2015 £'000**	2014 £'000
Non-current assets			
Tangible fixed assets	8	**851**	4,828
Intangible assets	8	**899**	1,155
Other long term assets	10	**426**	538
		2,176	6,521
Current assets			
Trade and other receivables	11	**899**	680
Cash and cash equivalents		**1**	232
		900	912
Total assets		**3,076**	7,433
Current liabilities			
Trade and other payables	14	**(3,936)**	(3,220)
Due to related parties	12	**(1,623)**	(1,329)
		(5,559)	(4,549)
Non-current liabilities			
Provisions	9	**(416)**	(448)
Total liabilities		**(5,975)**	(4,997)
Net (liabilities) / assets		**(2,899)**	2,436
Equity			
Ordinary share capital	13	**1,857**	1,857
Share premium account	13	**26,137**	26,137
Reverse acquisition reserve		**9,364**	9,364
Other reserves		**(2,487)**	(2,487)
Warrant reserve		**355**	355
Accumulated losses		**(38,125)**	(32,790)
Total shareholders (deficit) / equity		**(2,899)**	2,436

The financial statements on pages 23 to 52 were approved by the Board of Directors on 30 December 2015 and signed on its behalf by:

Alan Minty
Chairman
Nu-Oil and Gas plc
Registered number 6370792

COMPANY STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Notes	**2015 £'000**	2014 £'000
Non-current assets			
Tangible fixed assets	8	**281**	281
Intangible assets	8	**899**	899
Investments	10	**516**	4,716
		1,696	5,896
Current assets			
Trade and other receivables	11	**721**	454
Cash and cash equivalents		**-**	225
		721	679
Total assets		**2,417**	6,575
Current liabilities			
Trade and other payables	14	**(3,559)**	(2,127)
Due to related parties	12	**(1,490)**	(1,271)
Total liabilities		**(5,049)**	(3,398)
Net (liabilities) / assets		**(2,632)**	3,177
Equity			
Ordinary share capital	13	**1,857**	1,857
Share premium account	13	**26,137**	26,137
Warrant reserve		**355**	355
Other reserves		**(2,487)**	(2,487)
Accumulated losses		**(36,042)**	(30,233)
Merger relief reserve		**7,548**	7,548
Total shareholders (deficit) / equity		**(2,632)**	3,177

The financial statements on pages 23 to 52 were approved by the Board of Directors on 30 December 2015 and signed on its behalf by:

Alan Minty
Chairman
Nu-Oil and Gas plc
Registered number 6370792

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

	Notes	Ordinary share capital £'000	Share premium account £'000	Reverse acquisition reserve £'000	Other reserves £'000[(1) (2)]	Warrant reserve £'000[(3)]	Accumulated Losses £'000	Total equity £'000
Balance at 1 July 2013		1,320	22,783	9,364	(1,896)	355	(27,251)	4,675
Comprehensive expense								
Loss for the year		-	-	-	-	-	(4,859)	(4,859)
Other comprehensive expense								
Currency translation differences		-	-	-	-	-	(680)	(680)
Total other comprehensive expense		-	-	-	-	-	(680)	(680)
Total comprehensive expense		-	-	-	-	-	(5,539)	(5,539)
Transactions with owners								
Effects of fundraisings	13	537	3,354	-	-	-	-	3,891
Shares issued as security		-	-	-	(591)	-	-	(591)
Total of transactions with owners		537	3,354	-	(591)	-	-	3,300
Balance at 1 July 2014		**1,857**	**26,137**	**9,364**	**(2,487)**	**355**	**(32,790)**	**2,436**
Comprehensive expense								
Loss for the year		-	-	-	-	-	(5,274)	(5,274)
Other comprehensive expense								
Currency translation differences		-	-	-	-	-	(61)	(61)
Total other comprehensive expense		-	-	-	-	-	(61)	(61)
Total comprehensive expense		-	-	-	-	-	(5,335)	(5,335)
Balance at the 30 June 2015		**1,857**	**26,137**	**9,364**	**(2,487)**	**355**	**(38,125)**	**(2,899)**

(1) Other reserves represents shares issued to the Employee Benefit Trust as part of the Performance Share Plan as described in Note 16 to the financial statements

(2) Other reserves also includes shares that the Company has purchased which are being used as security against the loan outstanding to Shard Capital Management

(3) Warrant reserve was established to show the total cost of warrants issued pre-IPO and post-IPO

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

	Notes	Ordinary share capital £'000	Share premium account £'000	Merger relief reserve £'000	Other reserves £'000 (1) (2)	Warrant reserve £'000 (3)	Accumulated Losses £'000	Total equity £'000
Balance at 1 July 2013		1,320	22,783	7,548	(1,896)	355	(22,675)	7,435
Comprehensive expense								
Loss for the year		-	-	-	-	-	(7,558)	(7,558)
Total comprehensive expense		-	-	-	-	-	(7,558)	(7,558)
Transactions with owners								
Effects of fundraisings	13	537	3,354	-	-	-	-	3,891
Shares issued for security		-	-	-	(591)	-	-	(591)
Total of transactions with owners		537	3,354	-	(591)	-	-	3,300
Balance at 1 July 2014		**1,857**	**26,137**	**7,548**	**(2,487)**	**355**	**(30,233)**	**3,177**
Comprehensive expense								
Loss for the year		-	-	-	-	-	(5,809)	(5,809)
Total comprehensive expense		-	-	-	-	-	(5,809)	(5,809)
Balance at 30 June 2015		**1,857**	**26,137**	**7,548**	**(2,487)**	**355**	**(36,042)**	**(2,632)**

(1) Other reserves represents shares issued to the Employee Benefit Trust as part of the Performance Share Plan as described in Note 16 to the financial statements

(2) Other reserves also includes shares that the Company has purchased which are being used as security against the loan outstanding to Shard Capital Management

(3) Warrant reserve was established to show the cost of warrants issued pre-IPO and post-IPO

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2015

	Notes	**2015 £'000**	2014 £'000
Cash flows from operating activities			
Cash used in operations	15	**(599)**	(2,512)
Net cash used in operating activities		**(599)**	(2,512)
Cash flows from investing activities			
Expenditure on intangible assets	8	**-**	(899)
Net cash used in investing activities		**-**	(899)
Cash flows from financing activities			
Proceeds from Loan		**-**	1,000
Fees paid to secure Loan		**-**	(40)
Funds placed in an Equity Swap		**-**	(500)
Share capital issued for cash		**-**	2,730
Returned Deposits		**77**	-
Net cash generated from financing activities		**77**	3,190
Net decrease in cash and cash equivalents		**(522)**	(221)
Cash and cash equivalents at the start of the year		**232**	71
Exchange gains		**291**	382
Cash and cash equivalents at the end of the year		**1**	232

COMPANY STATEMENT OF CASH FLOWS

For the year ended 30 June 2015

	Notes	**2015 £'000**	2014 £'000
Cash flows from operations			
Cash used in operations	15	**(225)**	(2,096)
Net cash used in operating activities		**(225)**	(2,096)
Cash flows from investing activities			
Expenditure on intangible assets	8	**-**	(899)
Net cash used in investing activities		**-**	(899)
Cash flows from financing activities			
Proceeds from Loan		**-**	1,000
Fees paid to secure Loan		**-**	(40)
Funds placed in an Equity Swap		**-**	(500)
Share capital issued for cash		**-**	2,730
Net cash generated from financing activities		**-**	3,190
Net (decrease) / increase in cash and cash equivalents		**(225)**	195
Cash and cash equivalents at the start of year		**225**	30
Cash and cash equivalents at the end of year		**-**	225

NOTES TO THE FINANCIAL STATEMENTS

CORPORATE INFORMATION

The consolidated and Company financial statements of Nu-Oil and Gas plc ("NUOG" or the "Company" and its subsidiaries, together the "Group") for the year ended 30 June 2015 were authorised for issue in accordance with a resolution of the Board of Directors on 30 December 2015.

Nu-Oil and Gas plc (formerly Enegi Oil Plc.) was incorporated in the United Kingdom on 13 September 2007 and has registered address of 5th Floor, Castlefield House, Liverpool Road, Manchester, M3 4SB. Enegi Oil Inc. (formerly PDI Production Inc. ('PDIP')), which is the principal operating subsidiary of the Group, was incorporated in the Province of Newfoundland and Labrador in Canada on 5 May 2006 and has registered address of 36, Quidi Vidi Road, St.John's, NL A1A 1C1, Canada. The Group is domiciled in the UK for tax purposes and its shares are listed on the Alternative Investments Market ("AIM") of the London Stock Exchange.

The principal activity of the Company and Group is the identification, development and operation of hydrocarbon opportunities with its focus being on the acquisition of stranded/marginal fields the location of which could be in any jurisdiction.

1. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), the Companies Act 2006 that applies to companies reporting under IFRS, and IFRS-IC interpretations. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2.

a) New and amended standards adopted by the group

The following standards have been adopted by the group for the first time for the financial year beginning on 1 July 2014:

- IFRS 10, 'Consolidated Financial Statements'
- IFRS 11, 'Joint Arrangements'
- IFRS 12, 'Disclosures of Interests in Other Entities'
- IAS 27 (revised 2011) 'Separate Financial Statements'
- Amendments to IFRS 10,11 and 12 on transition guidance
- Amendments to IAS 32 on financial instruments asset and liability offsetting
- Amendment to IAS 36 'Impairment of Assets' on recoverable amount disclosures
- Amendment to IAS 39 'Financial Instruments: Recognition and Measurement' on novation of derivatives and hedge accounting

NOTES TO THE FINANCIAL STATEMENTS (Continued)
1. Basis of Preparation (continued)

b) New standards, amendments and interpretations not yet adopted

The following new standards, which have been issued but are not yet effective, have not been early adopted by the Group or Parent Company:

- IFRS 9, 'Financial Instruments' Effective date not set
- IFRS 15, 'Revenue from contracts with customers' Effective 1 January 2017

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Going concern
Having carefully reviewed the Group's funding, budget and business plan for the next twelve months, the Directors have a reasonable expectation that the Group and Company has, or will be able to obtain, adequate resources to continue operating for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the Consolidated and Parent company Financial Statements. In forming this judgement, the Directors have relied upon the critical assumption that the Group will be able to achieve the key milestones of the business plan associated with the implementation of its strategy to acquire and develop stranded and marginal fields which will result in the availability of adequate additional funding.

The assumptions described above reflect the Company's circumstances at the date that the financial statements were approved by the Board and 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.

Basis of consolidation
The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
1. Basis of Preparation (Continued)

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies have been applied consistently throughout the year.

Revenue recognition
Production revenues are recognised upon transfer of title to the customer upon collection or delivery of oil. Revenue comprises the fair value of the consideration received or receivable for the sale of oil production net of sales taxes.

Segment Reporting
IFRS 8 Operating Segments requires that the segments should be reported on the same basis as the internal reporting information that is provided to the chief operating decision-maker. The group adopts this policy and the chief operating decision-maker has been identified as the Board of Directors of the Company.

Tangible and intangible oil and gas assets
Tangible oil and gas assets relate to assets for a specific prospect where proven reserves are known to exist. Such assets include the development expenditure in bringing a specific prospect into production.

Intangible oil and gas assets relate to assets for a specific prospect without proven reserves. Such assets include exploration costs at a specific site to locate proven reserves. At the point where proven reserves are discovered intangible assets are transferred to tangible assets.

Intangible assets also include expenditure on the development of engineering solutions adopted in the Marginal Field Initiative such that the key engineering principles of those solutions could be easily replicated for application to other projects.

Oil and gas properties
Properties comprise payments made to obtain or extend the working interest in a specific prospect. Property acquisition costs are capitalised within oil and gas properties and depreciated on a straight-line basis at the point production commences. Property assets are reviewed on an annual basis to confirm that drilling activity is planned and it is not impaired. If no future activity is planned, the remaining balance of the licence and property acquisition costs is written off. Upon determination of economically recoverable reserves ("proved reserves" or "commercial reserves"), the costs are depreciated over the useful economic life of the related prospect based on known production levels and estimated commercial reserves.

Capitalised exploration costs
Geological and geophysical exploration costs are charged against income as incurred. Costs directly associated with an exploration well are capitalised as an intangible asset until the drilling of the well is complete and the results have been evaluated. If hydrocarbons are not found, but it is deemed possible that further expenditure on the drilled well will lead to a hydrocarbon discovery, the costs associated with the well continue to be capitalised as an intangible asset.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tangible and intangible oil and gas assets (continued)

If hydrocarbons are not found, and are not expected to be discovered, the total exploration expenditure is written off. If hydrocarbons are found and are likely to be capable of commercial development, the costs continue to be carried as an asset. All such carried costs are subject to technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off.

When proved reserves of oil and natural gas are determined, development is sanctioned and production (rather than testing) commences, the relevant expenditure is transferred to development assets within tangible fixed assets. At that point, the Company will begin to depreciate the assets over the course of their useful life.

Capitalised development costs
Expenditure on the drilling of development wells, including unsuccessful development or delineation wells, and the construction, installation or completion of infrastructure facilities such as storage tanks, is capitalised within tangible fixed assets as development costs.

Development assets are accumulated on a field by field basis and represent the cost of developing the commercial reserves discovered and bringing them into production. Changes in the estimates of commercial reserves or future field development are dealt with prospectively.

Capitalised development costs are depreciated over the course of their useful life.

Production assets
The net book values of production assets are depreciated on a field by field basis using the unit of production method by reference to the ratio of production in the period to the related commercial reserves of the field, taking into account any future development expenditures at current prices necessary to bring those reserves into production. The Group had no assets of this nature during the year.

Impairment of tangible and intangible oil and gas assets
The Company assesses assets or groups of assets for impairment annually. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. If any such indication of impairment exists, the Company makes an estimate of the recoverable value of the asset. An asset group's recoverable amount is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

The Company has no assets with an indefinite useful life.

Licences
Exploration licence costs capitalised within intangible assets are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount. This review includes confirming that exploration drilling is still under way or committed or that it has been determined, or work is under way to determine, that the discovery is economically viable based on a range of technical and commercial considerations and sufficient progress is being made on establishing development plans and timing. If no future activity is planned, the remaining balance of the licence costs is written off. Upon recognition of proved reserves and internal approval for development, the relevant expenditure is transferred to property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixtures and fittings, equipment
Office furniture, fittings and equipment is stated at cost less accumulated depreciation and any impairment losses. The initial cost of an asset comprises its purchase price, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning obligation, if any, and, for qualifying assets, borrowing costs.

Office furniture, fittings and equipment is depreciated on a straight-line basis over its expected useful life. The useful life of the Company's office furniture, fittings and equipment is as follows:

Office equipment	3 to 15 years
Office furniture, fixtures and fittings	5 to 15 years

The expected useful lives and residual values of office furniture, fittings and equipment are reviewed on an annual basis and, if necessary, changes in useful lives are accounted for prospectively. The carrying value of office furniture, fittings and equipment is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. An item of office furniture, fittings and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the period the item is derecognised.

Other long term assets
Long term assets usually in the form of licences, deposits or investments, are recognised initially at fair value and subsequently measured at amortised cost less any provisions for impairment. A provision for impairment is established when there is objective evidence that the Company will not benefit from cash flows of an amount at least equal to the carrying value of the asset.

Financial instruments
Trade and other receivables
Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provisions for impairment. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all amounts due. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated income statement within administrative costs. Subsequent recoveries of amounts previously written off are credited against administrative costs in the income statement.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand, and other short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Financial liabilities and equity
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest of the assets of the Group after deducting all of its liabilities.

Trade and other payables
Trade payables are non interest bearing and are stated initially at fair value and then amortised cost.

Equity instruments
Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Asset retirement provisions
The Company recognises the fair value of estimated asset retirement provisions related to well sites as a liability when new wells are drilled. The asset retirement cost is recorded as part of the cost of the related long-lived asset at an amount that is equal to the initial estimated fair value of the asset retirement provision. Fair value is estimated using the present value of the future estimated cash flows, adjusted for inflation, using the Company's credit adjusted risk-free interest rate.

Changes in the estimated provision resulting from revisions to estimated timing or amount of undiscounted cash flows are recognised as a change in the asset retirement provision and the related asset retirement cost. Actual retirement expenditures incurred are charged against the provisions in the period incurred. Over provisions and under provisions are set off against profit for the period in which the over or under provision is recognised.

Employee Benefit Trust
The assets and liabilities of the Employee Benefit Trust are brought onto the balance sheet of the Company. Shares held by the trust are consolidated as a deduction from equity.

Performance Share Plan costs
Under the Performance Share Plan, the Employee Benefit Trust subscribes for ordinary shares in the Company. The EBT owns a portion of the share equivalent to the subscription price. Any employee who received an award under the plan owns any value in the share in excess of the subscription price. Awards vest over three years and are subject to performance criteria.

The fair value of awards granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date, using an appropriate pricing model taking into account the terms and conditions upon which the award was granted, and is spread over the period during which the awards vest. The amount recognised as an expense is adjusted to reflect the actual number of share awards that vest in the same period. At each balance sheet date, the Company revises its estimates of the number of options that are expected to vest. The Company recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Foreign currency translation
The Company's functional currency is Sterling. Enegi Oil Inc.'s (a subsidiary) functional currency is Canadian dollars. The Group's presentation currency is Sterling.

In preparing the financial statements of the individual companies, transactions in foreign currencies other than the functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair values that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair values were determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange rate differences arising on the settlement of monetary items and on the retranslation of monetary items are included in profit or loss for the period. Exchange rate differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

On consolidation, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the rate at the date of the transaction is used.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
2. SIGNIFICANT ACCOUNTING POLICIES (Continued)
Foreign currency translation (continued)

Exchange differences that arise on long term intra-Group loans are recognised in the income statement in the individual accounts of each Group company.

Income taxes
Current income tax
Current income tax assets and liabilities for the current and prior period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

Deferred income tax
Deferred income tax is provided using the liability method on temporary differences at the consolidated balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable income will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying value of deferred income tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each consolidated balance sheet date and are recognised to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred income tax assets and liabilities are offset, if a legally enforceable right exists to set off current assets against current income tax liabilities, and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Sales tax
Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

Accrued liabilities
Trade payables and accrued liabilities are carried at payment or settlement amounts. Where agreements have been reached with suppliers to discount the amount payable, the discount is only recognised at the point at which it becomes unconditional.

Share capital
Issued share capital is recorded in the balance sheet at nominal value with any premium at the date of issue being credited to the share premium account. The share premium account is used to write off directly related expenses of any share issue.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based transactions
From time to time, the Company may pay for goods or services through the issue of new shares. The cost of such equity-settled transactions is recognised in the income statement, together with a corresponding increase in equity, in the period during which the goods or services are received.

The value of such share based payments is measured by reference to the fair value of the goods or services received or the market value of the shares issued, whichever value is more readily determinable.

Warrants
From time to time, the Company may issue warrants to suppliers as partial payment for goods or services or to investors or advisers in relation to the raising of new equity finance. When warrants are issued as partial payment for goods or services related to operations, the fair value of those warrants is recognised as a cost in the income statement. When warrants are issued in relation to the raising of new equity finance, the fair value of those warrants is set off against share premium. Warrants issued but not exercised are held in a warrant reserve within equity.

Investment in subsidiary undertakings
Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the Directors when there has been an indication of potential impairment.

Critical accounting judgments and estimates in applying the Group's accounting policies
The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates. In the process of applying the Group's accounting policies, management have made the following judgments that may have a significant effect on the amounts recognised in the financial statements:

Asset retirement obligation: Under the terms of the lease and licence, the Group is obliged to return the associated land to the state it was in when the lease and licence were first awarded. The Group has recognised a provision in its consolidated statement of financial position in relation to this future obligation. This provision is based on a series of assumptions and estimates which are set out in Note 9.

Exploration costs: Under the successful efforts method of accounting for exploration costs, such costs are capitalised as intangible assets by reference to the appropriate pool costs, and are assessed for impairment when circumstances suggest that the carrying amount may exceed its recoverable value. This assessment involves judgment as to (i) the likely future commerciality of the asset and when such commerciality should be determined, (ii) future revenues and costs pertaining to any wider cost pool with which the asset in question is associated, and (iii) the discount rate to be applied to such revenues and costs for the purpose of deriving recoverable value. No impairment charge was incurred in the year.

Impairment of tangible and intangible oil and gas assets: The Company assesses assets or groups of assets for impairment annually. Individual assets are grouped for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. If any such indication of impairment exists, the Company makes an estimate of the recoverable value of the asset. An asset group's recoverable amount is the higher of its fair value less costs to sell and its value in use. Where the carrying amount of an asset group exceeds its recoverable amount, the asset group is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group and are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
2. SIGNIFICANT ACCOUNTING POLICIES (Continued)
Critical accounting judgments and estimates in applying the Group's accounting policies (continued)

Capitalisation of Development Costs: The Company capitalises expenditure on the development of engineering solutions adopted in the Marginal Field Initiative such that the key engineering principles of those solutions could be easily replicated for application to other projects.

Accounting for Flow-through Shares
The Company finances a portion of its exploration activities through financings in which flow-through common shares are issued. These shares transfer the tax deductibility of qualifying resource expenditures to investors. While IFRS contains no specific guidance on accounting for flow-through shares, the Company has chosen to adopt the following accounting policy.

At the time of closing a financing involving flow-through shares, the Company allocates the gross proceeds received (i.e. the "flow-through commitment") as follows:

- Warrant reserve – if warrants are being issued, based on the valuation derived using the Black-Scholes option-pricing model;
- Flow-through share premium – recorded as an other payable and equal to the estimated premium, if any, investors pay for the flow-through feature; and
- Share capital and share premium – the residual balance.

Thereafter, as qualifying resource expenditures are incurred, these costs are capitalised to exploration and evaluation assets.

At the end of each reporting period, the Company reviews its tax position and records an adjustment to its deferred tax expense/other payable accounts for taxable temporary differences, including those arising from the transfer of tax benefits to investors through flow-through shares. For this adjustment, the Company considers the tax benefits (of qualifying resource expenditures already incurred) to have been effectively transferred, if it has formally renounced those expenditures at any time (before or after the end of the reporting period). Additionally, the Company reverses the other payable for the flow-through share premium to income, on a proportionate basis, as an offset to deferred tax expense.

Joint Arrangements
IFRS 11, 'Joint arrangements' focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method.

The Company has a 50% interest in a joint arrangement with ABT Oil and Gas Ltd (ABTOG). The assets and liabilities are immaterial to the group at year end and therefore no equity accounting has been recognised.

3. SEGMENTAL INFORMATION

IFRS 8 Operating Segments requires that the segments should be reported on the same basis as the internal reporting information that is provided to the chief operating decision-maker. The group adopts this policy and the chief operating decision-maker has been identified as the Board of Directors of the Company. The Directors consider there to be only one operating and reportable segment, being that of the development and operation of hydrocarbon assets in Atlantic Canada. At the date of the statement of financial position, assets outside Canada were not sufficiently developed to be considered to be operating segments.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
3. SEGMENTAL INFORMATION (Continued)

Internal reports reviewed regularly by the Board provide information to allow the chief operating decision-maker to allocate resources and make decisions about the operations.

Over the past year, given the state of the Group's operations, the chief operating decision maker relies primarily on an understanding of the cash requirements of the business to make decisions about how resources are to be allocated to the segment.

Revenue from external parties for the Group's Atlantic Canada operating segment are as follows:

	2015 £'000	2014 £'000
Atlantic Canada	**23**	21

All of the Group's revenues were sold to the Marine Paving in Newfoundland.

Earnings before interest, taxes and depreciations for the Group's Atlantic Canada operating segment are as follows:

	2015 £'000	2014 £'000
Atlantic Canada	**(250)**	(321)

Of the total revenue of £27,000 (2014: £45,000), the remaining revenue of £4,000 (2014: £24,000) relates to work performed and invoiced to potential partners in applications for licences in the UKCS 28th Seaward Licencing Round.

4. ADMINISTRATIVE EXPENSES

Administrative expenses included in the consolidated income statement are as follows:

	2015 £'000	2014 £'000
Depreciation of assets (Note 8)	**32**	33
Consulting	**213**	1,145
Exceptional charges - Impairment of Fixed Assets (Note 8)	**4,115**	1,150
Relinquishment of deposit on EL1116	**-**	137
Write-off of equity swap	**-**	491
Directors' Fees	**-**	39
Employee Benefit Expense (Note 17)	**488**	721
Site operations	**32**	89
Legal and professional	**542**	244
Accounting and finance fees	**52**	124
Other expense (including development of new opportunities)	**84**	155
Business travel	**17**	77
Office running costs	**68**	54
Rent and Rates	**73**	144
Finance cost	**237**	-
Recharge of costs incurred on the development of ABTOG	**(260)**	-
Write back of historic debts	**(632)**	-
	5,061	4,603

NOTES TO THE FINANCIAL STATEMENTS (Continued)
4. ADMINSTRATIVE EXPENSES (Continued)

Any geological or geophysical costs which are not capitalised have been charged as professional fees**.**

An impairment of £4,115,000 (including the effect of foreign exchange) was taken against the carrying value of the Group's Canadian assets. This was deemed necessary due to the recent movement in the oil price.

In the period the Canadian subsidiary wrote off £632,000 of creditor balances that related to disputed services provided prior to 30 June 2009. It is management's belief that these will not result in any liability to the Group.

The Company recognised a provision of £240,000 as a result of the underperformance of the Equity Swap that it entered into with YA Global in 2014.

The Company reduced its overheads through the allocation of a portion of its salary costs to the activities of ABT Oil and Gas Ltd., in which it is a significant shareholder.

Auditors' remuneration
During the year, the Group obtained various services from its auditors, the costs of which are set out below:

	2015 £'000	2014 £'000
Fees payable to company's auditors and its associates for the audit of parent company and consolidated financial statements	**38**	43
Fees payable to company's auditors and its associates for other services:		
Audit services – subsidiary undertakings	**-**	10
Fees for tax compliance services	**10**	10
	48	63

5. FINANCE COSTS

	2015 £'000	2014 £'000
Interest expense	**240**	301
	240	301

On 25 November 2013, the Company obtained a loan of £1,000,000 from Shard Capital Management. Under the terms of the loan, which had a term of 12 months, the Company was due to pay an interest amount of £200,000.

In December 2014, the Company obtained a further loan of £200,000 from Shard Capital Management. Under the terms of the loan, the Company was due to pay a further £120,000 interest on the original loan of £1,000,000 from November 2013 and £20,000 on the additional loan of £200,000 for a total interest expense in the period of £140,000.

The Company recognised a provision of £100,000 against a claim from Dutchess Capital for unpaid interest as a result of the loan that it took out in 2014.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TAXATION

The Group has no current or deferred tax charge in the current or previous financial year. The Group has a net unrecognised deferred income tax asset. Differences were accounted for as follows:

	2015 £'000	2014 £'000
Loss before tax	**(5,274)**	(4,859)
Statutory income tax rate	**20.75%**	22.50%
Expected income tax recovery	**(1,094)**	(1,093)
Effect of overseas tax rates	**(337)**	(146)
Permanent difference	**56**	34
Transferred to losses	**1,375**	1,205
Total tax	**-**	-

The deferred income tax asset not recognised at 30 June 2015 is comprised of the following:

	2015 £'000	2014 £'000
Non-capital loss carry forward	**7,459**	6,084
Canadian Pool Assets	**1,560**	1,670
Unrecognised deferred tax asset	**9,019**	7,754

As at 30 June 2015, the Group had Canadian Development Expense pool carry forward of £2.9 million, Canadian Exploration Expense pool carry forward of £0.3 million and non-capital loss carry forward balances of approximately £16.4 million (£1.63 million will expire in 2026, £1.93 million will expire in 2027, £1.06 million will expire in 2028, £2.46 million will expire in 2029, £0.71m will expire in 2030, £1.22 million will expire in 2031, £0.97m will expire in 2032, £1.42m will expire in 2033, £0.89m will expire in 2034 and £4.08m will expire in 2035) that are available to reduce future years' taxable income.

Deferred tax assets were not recognised as there is significant uncertainty regarding the timing of future profits against which these assets could be utilised.

7. LOSS PER SHARE

Loss per share amounts are calculated by dividing the loss for the year by the weighted average number of common shares in issue during the year.

	2015	2014
Loss attributable to shareholders of the Company (£'000)	**(5,274)**	(4,859)
Weighted average number of shares in issue	**184,664,713**	165,132,971
Fully diluted weighted average number of shares in issue	**184,664,713**	165,132,971
Basic loss per share (expressed in pence per share)	**(2.8p)**	(2.9p)
Diluted loss per share (expressed in pence per share)	**(2.8p)**	(2.9p)

Post year end, on 13 November 2015, the Company raised £435,000 (before expenses of £58,000) through the issue of 124,285,714 new ordinary shares

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. TANGIBLE FIXED AND INTANGIBLE ASSETS

Group
As at 30 June 2015, the cost of tangible fixed assets consisted of the following:

	Oil and gas properties £'000	Capitalised development costs £'000	Fixtures and Fittings, Equipment £'000	Asset Retirement Obligation £'000	Total £'000
Balance at 30 June 2013	4,228	15,711	442	833	21,214
Foreign Exchange Movement	(508)	(1,949)	(29)	(54)	(2,540)
Balance at 30 June 2014	**3,720**	**13,762**	**413**	**779**	**18,674**
Foreign Exchange Movement	(241)	(909)	(13)	(25)	(1,188)
Balance at 30 June 2015	**3,479**	**12,853**	**400**	**754**	**17,486**

As at 30 June 2015, the accumulated depreciation and impairment of tangible fixed assets consisted of the following:

	Oil and gas properties £'000	Capitalised development costs £'000	Fixtures and Fittings, Equipment £'000	Asset Retirement Obligation £'000	Total £'000
Balance at 30 June 2013	(4,166)	(10,037)	(6)	(689)	(14,898)
Impairment	-	(705)	-	-	(705)
Charge for the year	-	-	-	(33)	(33)
Foreign Exchange Movement	508	1,245	1	36	1,790
Balance at 30 June 2014	**(3,658)**	**(9,497)**	**(5)**	**(686)**	**(13,846)**
Impairment	-	(3,648)	-	-	(3,648)
Charge for the year	-	-	-	(32)	(32)
Foreign Exchange Movement	241	628	-	21	890
Balance at 30 June 2015	**(3,417)**	**(12,517)**	**(5)**	**(697)**	**(16,636)**

As at 30 June 2015, the net book value of tangible fixed assets was:

	Oil and gas properties £'000	Capitalised development costs £'000	Fixtures and Fittings, Equipment £'000	Asset Retirement Obligation £'000	Total £'000
Net book value at 30 June 2015	**62**	**336**	**395**	**57**	**850**
Net book value at 30 June 2014	62	4,265	408	93	4,828
Net book value at 1 July 2013	62	5,674	436	144	6,316

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. TANGIBLE FIXED AND INTANGIBLE ASSETS (Continued)

As at 30 June 2015, the cost of intangible oil and gas assets consisted of the following:

	Capitalised development costs £'000	Capitalised exploration costs £'000	Licences £'000	Total £'000
Balance at 30 June 2013	**-**	**1,632**	**514**	**2,146**
Additions	899	-	-	899
Foreign Exchange Movement	-	(202)	(64)	(266)
Balance at 30 June 2014	**899**	**1,430**	**450**	**2,779**
Foreign Exchange Movement	-	(95)	(30)	(125)
Balance at 30 June 2015	**899**	**1,335**	**420**	**2,654**

As at 30 June 2015, the accumulated depreciation of intangible oil and gas assets consisted of the following:

	Capitalised development costs £'000	Capitalised exploration costs £'000	Licences £'000	Total £'000
Balance at 30 June 2013	-	(1,346)	-	(1,346)
Impairment charge	-	-	(445)	(445)
Foreign Exchange Movement	-	167	-	167
Balance at 30 June 2014	**-**	**(1,179)**	**(445)**	**(1,624)**
Impairment charge	-	(234)	(6)	(240)
Foreign Exchange Movement	-	78	31	109
Balance at 30 June 2015	**-**	**(1,335)**	**(420)**	**(1,755)**

As at 30 June 2015, the net book value of intangible oil and gas assets was:

	Capitalised development costs £'000	Capitalised exploration costs £'000	Licences £'000	Total £'000
Net book value at 30 June 2015	**899**	**-**	**-**	**899**
Net book value at 30 June 2014	899	251	5	1,155
Net book value at 1 July 2013	-	286	514	800

During the year, the Directors conducted a review of the carrying value of the Group's tangible and intangible fixed assets and after considering the implied valuation of discounted cash flow models that consider the future productivity of the PAP#1 well the Directors concluded that its producing Canadian assets should be impaired as a result of the recent fall in the price of oil and subsequent availability of capital. The Company has retained the value of Shoal Point on EL1070 pending the outcome of a regulatory assessment of fraccing. The total impairment across the Canadian assets was £3,888,000 (2014: £1,150,000) and an additional charge of £227,000 through the Income Statement on translation. Intangible assets have been considered against the application of the Company's marginal and stranded field strategy.

Tangible assets attributable to the company equalled £281,000 (2014: £281,000). Intangible assets for the company equalled £899,000 (2014: £899,000).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. PROVISIONS

Under the terms of the lease and licence, the Company is obliged to return the associated land to the state it was in when the lease and licence were first awarded. This involves closing in any wells and removing the well-head equipment, removing any buildings, engineering structures, materials and waste from the site and then replanting the land to restore it to its original condition. It is not expected that the liability contemplated by the provision would be payable before 2018.

The Company recognises this future obligation in its consolidated statement of financial position as a provision. The following table presents the reconciliation of the beginning and ending aggregate carrying amount of the obligations associated with the retirement of the Company's oil and gas assets:

	2015 £'000	2014 £'000
Balance at beginning of year	**448**	514
Effects of foreign currency translation	**(30)**	(64)
Effect of discount rate unwinding	**(2)**	(2)
Balance at end of year	**416**	448

The Group is confident that the provision taken at 30 June 2015 accurately reflects the current value of its future obligations.

At 30 June 2015, the estimated future cash flows required to settle this obligation totalled £416,000. Assuming an inflation rate of 2.0%, the undiscounted future cost of this obligation was £433,000. The liability for the expected cash flow requirement has been discounted using a pre-tax risk-free rate of 1.5%. This obligation will be settled based on the operating lives of the underlying assets, which currently are estimated to be from one to fifteen years with the majority of costs expected to occur between 2015 and 2017. Any settlement amounts will be funded from general corporate resources at the time of retirement and removal.

9. OTHER LONG-TERM ASSETS

As at 30 June 2015, the Group's other long-term assets consisted of the following:

	2015 £'000	2014 £'000
Licence deposits	**426**	538
	426	538

The licence deposits are held by the relevant regulatory body. They were paid over when the Company acquired its stakes in the lease and licence and will either be returned at the expiry of the lease and licence or set off against royalty payments if and when they become due.

The majority of the licence deposits relate to the Company's activities on production lease PL2002-01 in Western Newfoundland. The production lease expired in August 2012 and as the lease contained a producing well, production lease PL2002-01(A) was issued which expires in August 2017.

During the year the company relinquished EL1116 in western Newfoundland. Having met all of its spending obligations under the licence the deposit of C$150,000 was returned to the Company by the regulatory body that governs the licence.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
10. OTHER LONG-TERM ASSETS (Continued)

As at 30 June 2015, the Company's other long-term assets consisted of the following:

	2015 £'000	2014 £'000
Investment in Group Companies at 1 July	**516**	4,716
Investment in Group Companies at 30 June	**516**	4,716

During the year, the Directors conducted a review of the carrying value of the Company's other long-term assets, which consists solely of the investments in Group companies as described in Note 21. Having considered the outcome activities that took place in the year, the value took into account the new valuations applied to the tangible and intangible assets as described in Note 8 and concluded that an exceptional charge of £4,200,000 needed to be taken against the carrying value. This reflected the recent decline in the price of oil and the availability of capital.

11. TRADE AND OTHER RECEIVABLES

As at 30 June 2015, trade and other receivables consisted of the following:

	2015 £'000	2014 £'000
Sales taxes receivable	**243**	501
Prepayments and other receivables	**656**	179
	899	680

At 30 June 2015, trade and other receivables were within trading terms and therefore considered to be fully recoverable and as a result there was no provision for impairment (2014: £nil).

The trade and other receivables showing in the Company's statement of financial position relate to sales taxes receivable of £133,000 (2014: £344,000) and prepayments and other receivables of £588,000 (2014: £110,000).

12. RELATED PARTY TRANSACTIONS

Group

The Group incurred the following charges during the year with companies related by way of directors or common shareholders:

	2015 £'000	2014 £'000
Risk Management Research Institute (RMRI) Ltd	**-**	14
RMRI Plc	**94**	820
Advanced Buoy Technology (ABTechnology) Ltd	**102**	1,492
	196	2,326

These transactions occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
12. RELATED PARTY TRANSACTIONS (Continued)

The balances owed to related parties outlined below are, unsecured, not guaranteed, and are to be settled under normal credit terms, as would have applied with unrelated parties, and have arisen from the transactions referred to above.

	2015 **£'000**	2014 £'000
RMRI Plc	**419**	320
RMRI (Canada) Inc.	**133**	58
ABTechnology Limited	**1,071**	951
	1,623	1,329

The related parties listed are owned principally by certain directors and senior managers of the Company. Management believes that the involvement of the related parties has been crucial to the operation of the Company during the year. They expect the related parties to continue to provide certain services to the Company in the future. Any transactions with related parties are approved by an independent director.

Company

In 2015 the Company was owed an additional £205,000 by its principal trading subsidiary, Enegi Oil Inc. As a result of the trading performance of Enegi Oil Inc. the Company has provided in full against this additional receivable in 2015 and as such the amount carried at 30 June 2015 was £nil.

Amounts owed by the Company to the three companies listed above totalled £1,490,000 (2014: £1,271,000). During the year the Company incurred charges of £196,000 from the RMRI group companies.

13. ORDINARY SHARE CAPITAL AND SHARE PREMIUM

At 30 June 2015, the Company had the following shares in issue:

	Number of shares	**Ordinary Share capital £'000**
Issued ordinary shares of 1p each	185,664,713	1,857

The weighted average number of ordinary shares in issue during the year was 185,664,713.

As at 30 June 2015, the Company's authorised share capital is £20,000,000 comprising of 2,000,000,000 (2014: 2,000,000,000) shares at a nominal value of £0.01.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. ORDINARY SHARE CAPITAL AND SHARE PREMIUM (Continued)

The movement in share capital and share premium in the current and prior year is as follows:

Group and Company	**Number of Shares (thousands)**	**Ordinary share capital £'000**	**Share premium account £'000**	**Total £'000**
At 1 July 2013	**132,024**	**1,320**	**22,783**	**24,103**
Share Placements	52,213	523	3,268	3,791
Shares issued as a Commitment Fee	1,428	14	86	100
At 1 July 2014 and at 30 June 2015	**185,665**	**1,857**	**26,137**	**27,994**

Included in shares issued and fully paid are 860,000 shares issued to the Employee Benefit Trust.

As at 30 June 2015, the warrants relating to the Company's ordinary share capital had been issued:

	Number of shares	**Exercise price £**	**Expiry date**
Warrants issued to members of the Company's Advisory Panel	1,500,000	0.250	01/03/17
Warrants issued to RMRI as equity based payment	2,225,000	0.210	10/07/18
Warrants issued to Shard Capital	10,000,000	0.023	22/12/16

14. TRADE AND OTHER PAYABLES

As at 30 June 2015, the Group's trade and other payables consisted of the following:

	2015 £'000	2014 £'000
Trade payables	**612**	1,115
Accruals	**1,338**	412
Taxation and social security	**283**	381
Loan repayable to Shard Capital	**1,540**	1,200
Other payables	**163**	112
	3,936	3,220

NOTES TO THE FINANCIAL STATEMENTS (Continued)
14. TRADE AND OTHER PAYABLES (Continued)

On 25 November 2013, the Company obtained a loan of £1,000,000 from Shard Capital Management. Under the terms of the loan, which had a term of 12 months, the Company was due to pay an interest amount of £200,000.

In December 2014, the Company obtained a further loan of £200,000 from Shard Capital Management. Under the terms of the loan, the Company was due to pay a further £120,000 interest on the original loan of £1,000,000 from November 2013 and £20,000 on the additional loan of £200,000 for a total interest expense in the period of £140,000. The loan and interest are repayable on demand.

The trade and other payables shown in the Company's statement of financial position relate to trade payables and accruals of £1,736,000 (2014: £660,000), other payables £283,000 (2014: £267,000) and Loan repayable to Shard Capital of £1,540,000 (2014: £1,200,000).

15. CASH FLOWS FROM OPERATING ACTIVITIES

During the year ended 30 June 2015, the net change in the Group's working capital balances were made up as follows:

	2015 £'000	2014 £'000
Loss before income tax	**(5,274)**	(4,859)
Increase in related party payables	**294**	750
Increase in trade and other payables	**716**	254
Depreciation	**32**	33
Impairment of Canadian assets	**3,888**	1,150
(Increase) in receivables	**(219)**	(83)
Effect of dealing in own shares	**-**	306
Other non-cash movements	**(36)**	(63)
Cash flows used in operating activities	**(599)**	(2,512)

During the year ended 30 June 2015, the net change in the Company's non-cash working capital balances was made up as follows:

	2015 £'000	2014 £'000
Loss before income tax	**(5,809)**	(7,558)
Increase in related party payables	**219**	759
(Increase) / decrease in trade and other receivables	**(267)**	145
Increase in trade and other payables	**1,432**	321
Impairment of investment in group companies	**4,200**	3,931
Effect of dealing in own shares	**-**	306
Cash flows used in operating activities	**(225)**	(2,096)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. PERFORMANCE SHARE PLAN

The Company commenced the operation of a Performance Share Plan which is an equity incentive scheme at the time of the Company's initial public offering in March 2008. The remuneration committee oversees the Performance Share Plan, approves the subscription price of awards under the Plan and any criteria to be satisfied before exercise is permitted, and monitors the effectiveness of the Performance Share Plan as an incentive to the executives and staff.

Under the terms of the Plan, an employee benefit trust ('EBT') subscribed for ordinary shares in the Company. The trust is administered by Appleby Limited. The trustee can distribute shares at its discretion directly to beneficiaries on the recommendation of the Board. All administrative costs associated with the EBT are met by the Company. The Employee Benefit Trust owns shares to be distributed at the discretion of the trustees and the employee owns any value in the shares in excess of the subscription price.

On 20 March 2008, the Company placed 860,000 shares into the EBT. The market price of the shares was £1.81 each and the market value of the shares was £1,556,600. At 30 June 2015, the EBT jointly owned 860,000 shares in the Company with a nominal value of £8,600, representing 0.46% of the allotted share capital of the Company. None of the shares held were under option or conditionally gifted.

Under the Performance Share Plan, the options outstanding to Directors and Senior Management, as approved by the Company's Remuneration Committee, is as follows:

Name	Already Vested	Average Vest Price (£)	To Vest	Average Vest Price (£)	Total Options
Alan Minty	5,000,000	0.16			5,000,000
Damian Minty	2,800,000	0.16			2,800,000
Tejvinder Minhas	2.000,000	0.16			2,000,000
Frank Jackson	500,000	0.15			500,000

No options were granted during the period.

17. EMPLOYEES AND DIRECTORS

During the year, the Group incurred employee benefit costs as follows:

	2015 £'000	2014 £'000
Wages and salaries	**449**	656
Directors' fees	**-**	39
Social security costs	**39**	65
	488	760

During the year, the average monthly number of people employed (including executive directors) was as follows:

	2015 Number of employees	2014 Number of employees
Average monthly number of people employed	**7**	10

NOTES TO THE FINANCIAL STATEMENTS (Continued)
17. EMPLOYEES AND DIRECTORS (Continued)

The Directors during the year were:

	Date of appointment	Date of resignation
Alan Minty	13 September 2007	-
Nigel Burton	20 October 2015	
Damian Minty	1 October 2011	-
Prof. Mike Bowman (Non-executive director)	31 March 2014	-
Frank Jackson (Non-executive director)	1 October 2011	-
Tejvinder Minhas	28 March 2013	-

The executive directors are considered to be the key management personnel of the Group. Their aggregate remuneration was as follows:

	2015 £'000	2014 £'000
Short-term employee benefits	**360**	348
Share-based payments	**-**	-
	360	348

The Directors did not receive salaries for much of the period. Of the £360,000 above, £245,000 was not received by executive directors. These amounts will be paid when the Company is in a financial position that will enable such payments to be made.

The largest director emoluments for the year were £150,000 (2014: £150,000).

18. COMMITMENTS AND CONTINGENCIES

Capital commitments
Under the terms of the Group's interest in its petroleum lease, the Group commenced a seismic research programme prior to 12 August 2007 as required. The cost to complete the seismic research programme is £1,178,250.

19. FINANCIAL INSTRUMENTS

The Company's principal financial instruments comprise cash, trade and other receivables, trade and other payables and accruals and amounts owed to related parties. The carrying values of the Company's financial instruments approximate their fair values due to the short-term maturity and normal trade credit terms of these instruments.

20. FINANCIAL RISK MANAGEMENT

The Group is subject to certain financial risks. The Directors consider the following risk factors, which are not exhaustive, particularly relevant to the Group's business activities:

Currency risk: The Group is exposed to changes in the exchange rate between the British pound and Canadian dollar (CAD). Such movements could significantly impact the financial performance of the Group. The Group's principal operating subsidiary holds a significant proportion of its cash and cash equivalents in CAD and has a functional currency of CAD.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. FINANCIAL RISK MANAGEMENT (Continued)

At each period end, assets and liabilities that are held in a currency other than the Group's reporting currency are translated into sterling. The resultant foreign currency gain or loss arising is reflected in the consolidated statement of comprehensive income (SOCI) in the period in which it arises. During the year, a further 10% gain in the value of CAD versus the pound would have led to an increase in the amount recognised in the SOCI of £411,000 (2014: decrease of £202,000).

Going forward, the Group will mitigate the effects of its structural currency exposure by converting funds raised for investment and operations into the relevant currency of the investment or operations when the funds are raised. The Group's policy will also be to hedge most of its foreign exchange exposure at the point when a contractual obligation creates a forward exposure. The Group's policy is not to undertake any speculative currency positions.

Commodity prices: The Group's future revenues and cash flows will come primarily from the sale of oil and gas. If oil and gas prices should fall below and remain below the Group's cost of production for any sustained period, the Group may experience losses and may be forced to curtail or suspend some or all of its operations. In addition, the Group would also have to assess the economic impact of low oil or gas prices on the Group's ability to recover any losses which the Group may incur during this period and on the Group's ability to maintain adequate reserves.

Oil and gas prices are volatile and are influenced by factors beyond the Group's control such as supply and demand, political and social developments, exchange rates, interest rates and inflation.

Liquidity risk: The Group has based its future projections on achieving commercial production from the implementation of the Marginal Field Initiative business model. The implementation of the Marginal Field Initiative business plan will require an injection of new capital into the business, but the value that additional capital is able to generate should significantly exceed the effect of any potential shareholder dilution.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The Company has access to funding and these are considered sufficient to meet the anticipated funding requirements. Rolling cash flow forecasts of the Company's liquidity requirements are monitored to ensure it has sufficient cash to meet operational needs over the next twelve months.

Counterparty risk: The Group shares working interests in its offshore prospects with third parties. To the extent that these third parties are unable to meet their obligations under the terms of the exploration licence, the Group may face additional costs for developing those assets. The Directors monitor the financial positions of these working interest partners and look to minimise the risk of additional costs through the use of farm-in and farm-out arrangements if appropriate.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. SUBSIDIARY COMPANIES

Principal Group investments

The principal Group subsidiaries are disclosed below. For a full list of subsidiaries see annual return per Companies House. Other than the effect of foreign exchange, transactions between subsidiaries and between the parent Company and its subsidiaries are eliminated on consolidation.

Name	Nature of business	Country of incorporation	Type of share	Group shareholding
Enegi Finance Limited	Intra-group finance provider	UK	Ordinary	100%
Gestion Resources Limited	Working interest holder	UK	Ordinary	100% via Enegi Oil Inc.
Enegi Oil Inc. (formerly PDI Production Inc.)	Principal operating subsidiary	Canada	Ordinary	100%

All investments are held at cost less any provision for diminution in value.

22. SUBSEQUENT EVENTS

Post year end, on 13 November 2015 the Company raised £435,000 (before expenses) through the placement of 124,285,714 new ordinary shares to institutional investors at a price of 0.35p per ordinary share.

APPENDIX I - GLOSSARY OF TERMS

Term	*Description*
2D	Two-dimensional images created by bouncing sound waves off underground rock formations; used to determine best places to drill for hydrocarbons
API	A gravity scale established by the American Petroleum Institute and in general use in the petroleum industry, the unit being called "the A.P.I. degree.". API gravity, is a measure of how heavy or light a petroleum liquid is compared to water. If its API gravity is greater than 10, it is lighter and floats on water; if less than 10, it is heavier and sinks. Crude oil is classified as light, medium or heavy, according to its measured API gravity: - Light crude oil is defined as having an API gravity higher than 31.1 °API - Medium oil is defined as having an API gravity between 22.3°API and 31.1 °API - Heavy oil is defined as having an API gravity below 22.3 °API
Appraisal	Well drilled after the discovery of oil or gas to establish the limits of the reservoir, the productivity of wells in it and the properties of the oil or gas.
Barrel	(bbl: barrel; mmbbls: million barrels) a unit of measure for oil and petroleum products equal to 42 US gallons or 35 imperial gallons
BOE	Barrels of oil equivalent
BOPD	Barrels of oil per day
Exploration	The phase of operations which covers the search for oil or gas by carrying out detailed geological and geophysical surveys followed up where appropriate by exploratory drilling
Exploration Licence	Licence issued by the DNR allowing the holder to explore for hydrocarbons within a defined geographical area or geological feature
Farm-In	When a company acquires an interest in a block by taking over all or part of the financial commitment for drilling an exploration well
Farm-Out	A contractual agreement with an owner who holds a working interest in an oil and gas lease to assign all or part of that interest to another party in exchange for fulfilling contractually specified conditions
Horizontal Sidetrack	Technique for cutting a bore hole in geological strata in a horizontal, rather than normal vertical, direction

Interval	a vertical section of rock distinct from that above or below
Joint Operating Agreement	An agreement under which two or more companies agree to combine some of their operations as a means of sharing costs and reducing operating expenses
Line Cutting	The process of clearing land in advance of a seismic survey
MMBO	Millions of barrels of oil
Non-Operator	A member of a joint venture that is not the operator
Operator	One member of a joint venture is appointed operator and has the responsibility of carrying out operations on behalf of the joint venture
P10	Using probabilistic methods to analyse geological and engineering data it has been determined that there should be at least a 10 per cent., probability that the quantities actually recovered will equal or exceed the estimate
P50	Using probabilistic methods to analyse geological and engineering data it has been determined that there should be at least a 50 per cent., probability that the quantities actually recovered will equal or exceed the estimate
P90	Using probabilistic methods to analyse geological and engineering data it has been determined that there should be at least a 90 per cent., probability that the quantities actually recovered will equal or exceed the estimate
Play	The activities associated with petroleum development in an area
Port au Port Peninsula	The Port au Port Peninsula is a peninsula in the Canadian province of Newfoundland and Labrador. Roughly triangular in shape, it is located on the west coast of the island of Newfoundland
Production	1. The phase of the petroleum industry that deals with bringing the well fluids to the surface and separating them and storing, gauging, and otherwise preparing the product for delivery. 2. The amount of oil or gas produced in a given period
Production Lease	Licence issued by the DNR allowing the holder to explore for hydrocarbons within a defined geographical area or geological feature
Prospect	Potential accumulation that is sufficiently well defined to represent a viable drilling target
Re-Entry	The process of re-entering an existing well
Reservoir	A subsurface, porous, permeable rock formation in which oil and gas are found

Reservoir pressure	The average pressure within the reservoir at any given time
Seismic Acquisition	Acquisition of seismic data through a seismic survey
Seismic Survey	A survey through which data is acquired by reflecting sound from underground strata and is processed to yield a picture of the sub-surface geology of an area
Side Track	A remedial operation that results in creation of a new section of well bore
Spud	To commence drilling operations
Upstream	Upstream covers the exploration, production and transport prior to refining
Working Interest	A company's equity interest in a project before reduction for royalties or production share owed to others under the applicable fiscal terms