SIRIUS petroleum

Sirius Petroleum Plc

Annual Report and Financial Statements

for the year ended
31 December 2019

Contents

Glossary of Terms

bbl	barrel of oil
boe	barrel oil equivalent
boepd	barrel oil equivalent per day
mmbbl	million barrels of oil
2P	Proven and Probable Reserves
2C	Best Estimate of Contingent Resources
CPR	Competent Persons Report
NPV	Net Present Value

Corporate Advisers

Company registration number:	05181462
Registered office:	25 Bury Street London SW1Y 6AL
Directors:	**J Pryde** – Chairman **O Kuti** – Chief Executive Officer **M Henderson** – Financial Director **T Hayward** – Non-Executive Director **S Hawkins** – Non-Executive Director
Company Secretary:	**S Hawkins**
Registrars:	**Link Asset Services** 65 Gresham Street London EC2V 7NQ
Bankers:	**HSBC Bank plc** Unit 6C Borehamwood Shopping Park Borehamwood WD6 4PR
Solicitors:	**Fladgate LLP** 16 Great Queen Street London WC2B 5DG
Auditors:	**Grant Thornton UK LLP** Registered Auditor Chartered Accountants 30 Finsbury Square London EC2A 1AG

Chairman's & CEO's Statement & Strategic Report

Sirius Petroleum Plc ("Sirius" or "the Company"), the Nigeria focused oil and gas exploration and development company, presents its audited final results for the year ended 31 December 2019.

We have continued to assess opportunities throughout 2019 and 2020 and below are details of two major transactions we are in the process of completing.

Tunisian Onshore and Offshore Portfolio Interests

We were pleased to announce our agreement with Anglo Tunisia Oil and Gas Limited on 7 November 2020, marking the first step in the Company's strategy to deliver value to shareholders by acquiring interests in proven oil and gas assets and working with our partners to boost production, pursue profitable development opportunities and grow reserves via low-risk exploration. We are working alongside the team at ATOG that has assembled a portfolio of onshore and offshore assets in Tunisia with those attributes and we look forward to cementing our working relationship during 2021.

Transaction summary

- The portfolio is currently producing approximately 1,500 boepd with gross 2P reserves and 2C contingent resources of c.21 mmboe;
- Total acquisition consideration of $11.35m will be satisfied in stage payments through 2020 and 2021;
- The subscription will be made through a wholly owned subsidiary of Sirius;
- Management estimates NPV10 of approximately $110m (based on the Brent futures curve) attributable to net interests in 2P/2C reserves only. Also noting that the favourable nature of the Tunisian fiscal regime means that the NPV of our Tunisia assets has an asymmetric relationship with the prevailing oil price under which Sirius will benefit more from higher prices and have an improved downside protection in periods of lower prices;

Further information regarding the Tunisian Onshore and Offshore Portfolio Interests can be viewed via these links:

Link to news: https://siriuspetroleum.com/news/corporate-news/default.aspx

Link to operations: https://siriuspetroleum.com/about/operations/default.aspx

Proposed Tranformational Nigerian Transaction

We are pleased to inform shareholders that the Company has signed legally binding agreements to secure the Company a material indirect interest in a substantial oil-rich block in Nigeria that is currently producing approximately 8,000 bopd. The licence contains three discovered fields, one of which has produced c.50mmbbls since the 1970s and an independent CPR by Gaffney, Cline & Associates (GCA), published in April 2020, has certified remaining 2P reserves of 52mmbbls.

Under the terms of the agreements, Sirius and its partner is required to provide funding and technical services for a period of 15 years to further develop and produce the remaining reserves on the block. The agreements envisage that Sirius and its partner would also test deeper horizons of the existing discovered fields to which GCA has ascribed best case prospective resources of over 91mmbbls. The existing production facilities and infrastructure are capable of handling up to 40,000 bopd. The Company is in receipt of funding term sheets from, *inter allia*, a global trader and a family-office and has secured a turnkey quote from a global oilfield service major to execute the approved work programme.

The Transaction is subject to, among other things, the provision of development funding and the Company will update shareholders with final details on the Nigeria transaction upon financial close. In line with the Company's strategy this opportunity is intended to form part of the Company's wider Africa-based portfolio and represents a significant opportunity for the Company, its shareholders and our operational partner on this major asset.

Chairman's & CEO's Statement & Strategic Report continued

Post year-end events

On 7 November 2020 we were pleased to announce our agreement with Anglo Tunisia Oil and Gas Limited, details of which are set out earlier in this Statement.

Financial Summary

The loss after tax was $6,160,000 in 2019 which has decreased from $7,021,000 in 2018, with administrative expenses of $3,370,000, excluding share based payments and impairment. Total assets were $17,366,000 in 2019 (2018: $17,520,000), with liabilities of $14,537,000 (2018: $10,599,000) and total equity was $2,829,000 (2018: $6,921,000).

During the year the Group raised $1,817,000 (2018: $Nil) through a convertible loan of which $560,000 was converted and the balance repaid during the year. In addition, $11,305,000 (2018: $855,000) was raised in short term loans and total repayments of $4,985,000 were made in capital and interest during the year.

The results for year ended 31 December 2019 reflect the costs incurred during the period to continue to build the Company's infrastructure, funding our London and Nigerian operations and the costs of work carried out assessing further potential assets, one of which concluded with our agreement with Anglo Tunisia Oil and Gas Limited.

The operating loss for the year amounted to $4,345,000, a decrease of $1,400,000 on the year ended 31 December 2018 operating loss of $5,745,000, giving a loss per share of 0.17 cents (31 December 2018: 0.20 cents loss per share).

Group Strategy

The Board continues to appraise opportunities to farm into or acquire high quality assets located in major proven complexes leveraging on the Group's arrangements with its range of operational and funding partners. We have prioritised discovered assets, ideally producing or near production, in Africa and focus on opportunities which we can either operate, or have an active participation in operations, and where we are entitled to directly market at least our entitlement production. We believe that this strategic focus should help to mitigate many of the risks typically faced by oil and gas companies operating in Africa.

Outlook

Despite the considerable challenges that we have all faced during 2020, we look toward to the New Year with a renewed confidence based on our recent progress in Tunisia and the transformational transaction in Nigeria.

The Company has commenced the process for its proposed admission to AIM in 2021 and the Board will update shareholders in the New Year regarding this process. The Company also anticipates that it will include an Open Offer for existing shareholders to subscribe for new shares at the time of the proposed new listing.

Annual General Meeting

The Group will send out a Notice to shareholders of its Annual General Meeting in due course.

J Pryde
Chairman

O Kuti
Chief Executive Officer

3 December 2020

Directors' Report & Strategic Report

The Directors present their annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2019.

Principal activity

The Group is actively seeking to acquire and develop offshore and onshore proven oil discoveries in Africa.

Domicile and principal place of business

Sirius Petroleum Plc is domiciled in the United Kingdom, which is currently also its principal place of business. It is expected that the Group's activities will become focused in Nigeria and Tunisia once the proposed transactions have completed.

Financial risk management objectives and policies

The Group's principal financial instruments comprise cash and loans. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade and other receivables and trade payables, which arise directly from its operations. The Group does not enter into derivative transactions.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risk currently arising from the Group's financial instruments is liquidity risk. The Board reviews and agrees policies for managing this and other risks and these are summarised below.

Liquidity risk

The Group's cash flow has historically been constrained as the Group has developed its business proposition. As a consequence, the Board of Directors continually review the cash available to the Group and seek to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. Please see note 17 for further details.

Interest rate risk

The Group has not been exposed to significant interest rate risk. As the Group evolves, and in particular with the proposed transactions, this exposure is likely to increase and the Directors will introduce appropriate policies to deal with this risk at that point in time. Please see note 17 for further details.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group reviews the credit risk of the entities with whom it enters into contractual arrangements. Please see note 17 for further details.

The Company maintains directors' and officers' liability insurance which gives appropriate cover for any legal action brought against its directors. In accordance with section 236 of the Companies Act 2006, qualifying third-party indemnity provisions are in place for the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law. Both the insurance and the indemnities applied throughout the financial year ended 31 December 2019 and through to the date of this report.

Going concern

The Directors have prepared cash flow forecasts for the period up to February 2022. These assume that the Group completes on Proposed Transaction discussed in the Chairman's statement, and that the Company relists in Q1 2021. However there is no certainty that the Group will complete on the Proposed Transaction and relist.

Directors' Report & Strategic Report continued

The Group has in place a term sheet for a loan facility of up to $100m to cover its capital expenditure requirements, and have included drawing $75m of this facility in its projections. Additionally the Group has in place a term sheet for a $20m mezzanine debt facility which has been assumed to be drawn in full. The Group also has committed equity finding of $20m subject to completing the Proposed Transaction. Both the mezzanine debt and equity can be utilized for general working capital purposes, including repayment of all existing loans and creditors that are outstanding at the present time. The loan facilities, whilst agreed, are subject to satisfactory due diligence and execution of funding and security agreements.

The projections indicate that the Group would have a cash balance of $19.5m, in addition to a combined circa $45m of headroom on available facilities at 28 February 2022. This includes fully repaying all loans and creditors that are outstanding or overdue for settlement at the present time during 2021. All loans and other creditors are due for payment within one year. Where non-convertible loans are in default as at the date of these financial statements, we remain confident that we retain the full support of these creditors to support us until such time as the funding is available to settle these balances. However, the Group has not yet reached formal agreement with all of its creditors on the scheduled timing of these repayments.

Should the proposed transaction not complete or be delayed, the directors are confident that they have a number of viable alternative sources of funding that can be pursued to enable the group and the company to meet its liabilities as they fall due in the forecast period.

The Directors therefore believe that the Group and parent company will have sufficient cash resources to meet its liabilities as they fall due for a period of at least 12 months from the date that the financial statements are signed. Consequently, the financial statements have been prepared on a going concern basis. However, as outlined above, the conditions relating to the completion of the Proposed Nigeria transaction, and should this transaction not complete, the ability of the company to secure alternative financing to settle its existing loan and other creditor balances, indicate the existence of material uncertainties which may cast significant doubt about the Group and parent company's ability to continue as a going concern.

The Group and parent company financial statements do not include the adjustments that would result if the Group or parent company was unable to continue as a going concern.

Subsequent events

On 7 November 2020 we were pleased to announce our agreement with Anglo Tunisia Oil and Gas Limited, details of which are set out in the Chairman's Statement.

Directors

The current membership of the Board and those directors who served during the year is set out below.

J Pryde
O Kuti
M Henderson
C Neal (deceased 9 September 2019)
S Hawkins
T Hayward

Directors' Report & Strategic Report continued

Payment to suppliers

It is the Group's policy to agree on appropriate terms and conditions for its transactions with suppliers by means ranging from standard terms and conditions to individually negotiated contracts and pay suppliers according to agreed terms and conditions, provided that the supplier meets those terms and conditions. The Group does not have a standard or code dealing specifically with the payment of suppliers.

Principal risks and uncertainties

The Group's overall approach to risk management is to employ suitably skilled personnel and implement appropriate policies and procedures. The risks we face have evolved over the course of the year as the business has developed and external factors have impacted the environment in which we operate.

Responsibility for reviewing the system of Risk Management rests with the Audit Committee of the Board, which has reviewed and approved the measures that are being taken to mitigate the most significant risks.

The principal risks faced by Sirius during 2019 relate to strategic risks associated with the growth of the organisation and the economic climate together with liquidity risk given the lack of income.

Liquidity risk

The Group's cash flow has historically been constrained as the Group has developed its business proposition. As a consequence, the Board of Directors continually review the cash available to the Group and seek to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs.

Exploration Risk

Exploration activities can be capital intensive and may involve a high degree of risk. Thus, budgets are produced by experienced individuals and reviewed to ensure best practice exists. Exploration programmes are approved by the Board.

Oil Price Risk

The oil price is subject to market conditions which are outside of the Group's control. The decision to invest in any oil drilling will be made based on the latest and forecasted oil prices and approved by the Board.

Nigeria country risks

President Buhari's administration initiated many structural reforms within the NNPC and the MPR to provide clarity, transparency, and accountability within the Nigerian oil and gas industry. These reforms continue to support indigenous projects. The Group hopes that its existing relationship with Owena, the energy arm of the Ondo State Government, will enhance its access to proven oil discoveries located within Ondo State.

Health, Safety, Security and Environment

Sirius is fully committed to ensuring the health, safety and security of all personnel who are directly involved in, or affected by, the Group's operations and full compliance with environmental legislation and standards. As part of this commitment, the Group reviews the HSS&E policies and procedures on a regular basis, integrated with the Group Safety Management System (SMS) to ensure full compliance with industry 'best practice', and international and local rules and regulations.

Environmental compliance and management is a priority and the Group is committed to ensuring that all the appropriate steps are taken to ensure any environmental impacts resulting from the Group's operations are kept to a minimum. Consistent with international and local requirements, Sirius conducts Environmental and Social Impact Assessments ('ESIAs') and ensures that environmental approvals from the relevant authorities are in place prior to embarking on any new projects.

Directors' Report & Strategic Report continued

Loss of key employees

Loss of knowledge and skills to the Group in particular countries of operation is a key risk. In response to this risk, remuneration policies are designed to incentivise, motivate and retain key employees.

Taxation and other legislation changes

Operating in developing countries has the additional risk of significant changes in taxation legislation on oil field profits or other legislation. Maintenance of good open working relationships with local authorities in the countries of operation is therefore critical.

Future prospects

As a team, we are in no doubt of the current trajectory that the Company is taking and despite the considerable challenges that we have all faced during 2019 and 2020, we look toward the New Year with a good deal of confidence that we can deliver the strategy upon which the Company is built.

Directors' Responsibilities Statement

The Directors are responsible for preparing the Group's Annual Report and the company 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 elected to prepare the Consolidated financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice "United Kingdom Accounting Standards and applicable laws", including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the Directors must not approve the financial statements unless they are satisfied they give a true and fair view of the state of affairs and profit or loss of the company and group for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRSs/FRS 102 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 Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Report & Strategic Report continued

The Directors confirm that:

- so far as each Director is aware there is no relevant audit information of which the Group's auditor are unaware; and
- the Directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

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

Auditors

Grant Thornton UK LLP has expressed willingness to continue in office. In accordance with section 489(4) of the Companies Act 2006, a resolution to reappoint Grant Thornton UK LLP will be proposed at the Annual General Meeting.

By order of the board

S Hawkins
Company Secretary

3 December 2020

Company Number: 05181462

Independent auditor's report

to the members of Sirius Petroleum Plc

Opinion

We have audited the financial statements of Sirius Petroleum Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 , which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Financial Position, Consolidated Cashflow Statement, Parent company Statement of Financial Position, Parent company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

Independent auditor's report continued
to the members of Sirius Petroleum Plc

Material uncertainty related to going concern

We draw attention to the going concern note on page 13 of the financial statements, which indicates that due to the Proposed Transaction and associated financing having not completed as at the date of these financial statements, and the requirement to obtain alternative funding should this transaction not complete, these represents a material uncertainty with regards to going concern. As described on page 13, these events or conditions, along with the other matters as set out in the going concern note indicate that material uncertainty exists that may cast significant doubt over the group and parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter related to carrying value of intangible asset exploration and evaluation assets

We draw attention to Note 5 to the financial statements, which describes the circumstances surrounding the renewal of the Ororo Field Licence. Although management are confident the renewal will be granted this has yet to be confirmed, which creates uncertainty in the carrying value of the intangible exploration and evaluation assets. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Independent auditor's report continued
to the members of Sirius Petroleum Plc

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Philip Westerman
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

3 December 2020

Principal Accounting Policies

Basis of Preparation

The Consolidated financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). The Company's shares were listed on the AIM market of the London Stock Exchange until 27 August 2019. Separate financial statements of Sirius Petroleum Plc (the Company) have been prepared on pages 41-55.

The principal accounting policies of the Group are set out below.

Going concern

The Directors have prepared cash flow forecasts for the period up to February 2022. These assume that the Group completes on the Proposed Transaction discussed in the Chairman's statement, and that the Company relists on AIM in Q1 2021. However there is no certainty that the Group will complete on the Proposed Transaction and relist.

The Group has in place a term sheet for a loan facility of up to $100m to cover its capital expenditure requirements, and have included drawing $75m of this facility in its projections. Additionally the Group has in place a term sheet for a $20m mezzanine debt facility which has been assumed to be drawn in full. The Group also has committed equity finding of $20m subject to completing the Proposed Transaction. Both the mezzanine debt and equity can be utilized for general working capital purposes, including repayment of all existing loans and creditors that are outstanding at the present time. The loan facilities, whilst agreed, are subject to satisfactory due diligence and execution of funding and security agreements.

The projections indicate that the Group would have a cash balance of $19.5m, in addition to a combined circa $45m of headroom on available facilities at 28 February 2022. This includes fully repaying all loans and creditors that are outstanding or overdue for settlement at the present time during 2021. All loans and other creditors are due for payment within one year. Where non-convertible loans are in default as at the date of these financial statements, we remain confident that we retain the full support of these creditors to support us until such time as the funding is available to settle these balances. However, the Group has not yet reached formal agreement with all of its creditors on the scheduled timing of these repayments.

Should the proposed transaction not complete or be delayed, the directors are confident that they have a number of viable alternative sources of funding that can be pursued to enable the group and the company to meet its liabilities as they fall due in the forecast period.

The Directors therefore believe that the Group and parent company will have sufficient cash resources to meet its liabilities as they fall due for a period of at least 12 months from the date that the financial statements are signed. Consequently, the financial statements have been prepared on a going concern basis. However, as outlined above, the conditions relating to the completion of the Proposed Nigeria transaction, and should this transaction not complete, the ability of the company to secure alternative financing to settle its existing loan and other creditor balances, indicate the existence of material uncertainties which may cast significant doubt about the Group and parent company's ability to continue as a going concern.

Basis of consolidation

The Consolidated financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to the statement of financial position date. Subsidiaries are entities which are controlled by the Group. Control is achieved when the Group has power over the investee, has the right to variable returns from the investee and has the power to affect its returns. The Group obtains and exercises control through voting rights and control is reassessed if there are indications that the status of any of the three elements has changed.

Principal Accounting Policies continued

Unrealised gains on transactions between the Group and its subsidiary undertakings are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiary undertakings have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Acquisitions of subsidiary undertakings are recorded under the acquisition method of accounting. The acquisition method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary undertakings, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary undertaking prior to acquisition. Acquisition costs are expensed as incurred. On initial recognition, the assets and liabilities of the subsidiary undertaking are included in the Consolidated Statement of Financial Position at their fair values, which are also used as the basis for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after first allocating consideration to identifiable intangible assets. Goodwill represents the excess of the consideration transferred to the vendor over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary undertaking at the date of acquisition.

Other income

Other income represents the total value, excluding VAT, of income receivable from professional services. Income is recognised as the services are provided. IFRS 15 'Revenue from Contracts with Customers' has been adopted from 1 January 2018.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied.

Taxation

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the Consolidated Statement of Financial Position date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable result for the period. All changes to current tax assets or liabilities are recognised as a component of tax expense in the statement of comprehensive income.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the Statement of Financial Position date.

Most changes in deferred tax assets or liabilities are recognised as a component of tax expense in the statement of comprehensive income. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged or credited directly to equity or other comprehensive income are charged or credited directly to equity or other comprehensive income.

Principal Accounting Policies continued

Intangible exploration and evaluation assets

The Group follows the successful efforts method of accounting for intangible exploration and evaluation ("E&E") costs. Licence costs are initially capitalised as intangible assets, along with any directly attributable costs of evaluation, as these are recoverable if prospects are deemed successful.

If prospects are deemed to be impaired ('unsuccessful') on completion of the evaluation, the associated costs are charged to the statement of comprehensive income. If the field is determined to be commercially viable, the licence costs are transferred to property, plant and equipment.

The intangible assets are initially recognised at cost and are reviewed for impairment. The asset is carried at initial value less accumulated impairment losses.

Exploration and evaluation assets are tested for impairment whenever facts and circumstances suggest they are impaired, which includes when a licence is approaching the end of its term and is not expected to be renewed, there are no substantive plans for continued exploration or evaluation of an area, the Group decides to abandon an area, or where development is likely to proceed in an area there are indications that the exploration and evaluation costs are unlikely to be recovered in full either by development or through sale. Any impairment loss is recognised before reclassification.

Financial assets

The Group's financial assets comprise cash and trade and other receivables.

Financial assets are generally classified as assets held at amortised cost and are initially measured at fair value including transaction costs incurred.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- loans and receivables at amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the corporation does not have any financial assets categorised as FVOCI or FVTPL.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

Principal Accounting Policies continued

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Impairment of financial assets

The Group considers trade and other receivables individually in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

Cash and cash equivalents

Cash and cash equivalents include cash at bank, short term bank overdrafts and cash in hand. The bank overdraft has been considered as part of cash and cash equivalents in the statement of cash flows.

Classification as financial liabilities or equity

Financial instruments or their component parts are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to equity.

A compound instrument is a non-derivative financial instrument which contains both a liability and an equity component. These components are accounted for separately as financial liabilities and equity components, and are presented separately in the statement of financial position.

Equity

Share capital is determined using the nominal value of shares that have been issued.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits. Where warrants have been issued for services in relation to procuring subscribers, the relevant fair value charge has been set against share premium as a cost of issue.

The share-based payment reserve represents the cumulative amount which has been expensed in the statement of comprehensive income in connection with share-based payments, less any amounts transferred to retained earnings on the exercise of share options or warrants.

Translation reserves are amounts in respect of translation of overseas subsidiaries, and unrealised exchange differences.

Retained earnings include all current and prior year results as disclosed in the statement of comprehensive income.

Principal Accounting Policies continued

Financial liabilities

The Group's financial liabilities comprise trade and other payables, bank overdrafts, lease liability and loans payable.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance costs in the statement of comprehensive income using the effective interest method.

Trade and other payables are recognised initially at fair value, net of direct issue costs, and are subsequently recorded at amortised cost using the effective interest method with interest related charges recognised as an expense in the statement of comprehensive income.

Loans payable are recognised initially at fair value, net of direct issue costs and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are recognised in the statement of comprehensive income on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. There are currently no financial liabilities held at "fair value through profit or loss".

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the statement of comprehensive income.

Leases

The Group early adopted IFRS16 "Leases" in 2018. Leases are recorded in the statement of financial position in the form of a right-of-use asset and a lease liability, with the exception of assets of low value and short-term leases of less than 12 months, whereby the group has taken the practical expedient to not capitalise a right-of-use asset and recognise a lease liability but instead charge to the statement of comprehensive income (net of any incentives received from the lessor) on a straight-line basis over the period of the lease.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The lease is recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset was available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Principal Accounting Policies continued

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

– the amount of the initial measurement of lease liability
– any lease payments made at or before the commencement date less any lease incentives received
– any initial direct costs, and
– restoration costs

Compound instruments

On initial recognition, the fair value of the consideration for the liability component of the instrument is determined based on the fair value of a similar instrument that does not have an equity conversion option and recognised as a financial liability. Subsequent measurement is in accordance with the financial liabilities accounting policy.

The equity component is recognised initially as the residual value remaining when the fair value of the debt component is compared to the fair value of the compound instrument as a whole. The equity component is not remeasured after initial recognition except on expiry.

Other provisions, contingent liabilities and contingent assets

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the Statement of Financial Position date, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognised, if virtually certain as a separate asset, not exceeding the amount of the related provision. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. In addition, long-term provisions are discounted to their present values, where the time value of money is material. All provisions are reviewed at each Statement of Financial Position date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognised in the statement of financial position. Probable inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets.

Share-based payments

Options

The Group issues equity-settled share-based payments to certain employees (including directors) in the form of options. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the Group's estimate of the shares that will eventually vest.

Fair value is measured using the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates.

Principal Accounting Policies continued

No adjustment is made to the expense recognised in prior periods if fewer share options are, ultimately exercised than originally estimated. Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of shares issued are allocated to share capital with any excess being recorded as share premium.

Warrants

The Group has also issued equity settled share-based payments to certain employees (including directors), and in respect of services provided by external consultants in the form of warrants. The share-based payment is measured at fair value of the services provided at the grant date, or if the fair value of the services cannot be reliably measured using the Black-Scholes model. The expense is allocated over the vesting period. Where services provided relate to the issue of shares the expense has been charged to share premium.

Fees and loans settled in shares

Where shares have been issued as consideration for services provided or loans outstanding they are measured at the fair value of the services provided. The difference between the carrying amount of the financial liability (or part thereof) extinguished and the fair value of the shares is recognised in the statement of comprehensive income.

Property, plant and equipment

i Measurement basis

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use. Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the assets only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

All other costs, such as repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

When assets are sold, any gain or loss resulting from their disposal, being the difference between the net disposal proceeds and the carrying amount of the assets, is included in the statement of comprehensive income.

ii Depreciation

Depreciation is calculated so as to write off the cost of property, plant and equipment, less its estimated residual value, over its useful economic life as follows:

Property leases	–	straight line over the period of the lease
Computer equipment	–	within the current financial year
Office equipment	–	straight-line over 3 years
Vehicles	–	straight-line over 5 years

Foreign currencies

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the reporting date. Non-monetary items that are measured at historic cost in a foreign currency are translated at the exchange rate at the date of the transaction and are not re-translated. Non-monetary assets that are measured at fair value in a foreign currency are translated into the functional currency using the exchange rates at the date when the fair value was determined. The functional currency of the Company is GBP, Sirius Ororo (OML95) Limited is USD and Sirius Taglient Petrol Limited is NGN. The presentational currency of the group and company is USD.

Principal Accounting Policies continued

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the statement of comprehensive income in the period in which they arise.

In the consolidated financial statements all individual financial statements that are originally presented in a currency different from the Group's presentational currency have been converted into USD. Assets and liabilities have been translated into USD at the closing rates at the reporting date. Income and expenses have been converted into USD at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this process have been recognised in other comprehensive income and accumulated separately in the currency exchange reserve in equity.

The average GBP exchange rate used during the year was USD 1.277309 (2018: 1.35501). The closing exchange rate at 31 December 2019 was USD 1.31858 (2018: 1.273562).

Segmental reporting

An operating segment is a distinguishable component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about the allocation of resources and assessment of performance and about which discrete financial information is available.

The chief operating decision maker has defined that the Group's only reportable operating segment during the year is oil extraction and related activities. The Group has not traded and has not generated any revenue from external customers during the period.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are discussed below:

Going concern

In view of the losses during the year, the Directors have carefully considered the appropriateness of preparing the financial statements on a going concern basis. Details of the Directors' review and conclusion are detailed under the heading 'Going Concern' on page 13 above. There are material uncertainties regarding the assumptions used in the forecasts.

Intangible exploration and evaluation assets

Management is required to assess impairment in respect of intangible exploration and evaluation assets. Note 5 discloses the carrying value of such assets. The triggering events are defined in IFRS 6. In making the assessment, management is required to make judgements on the status of each project and the future plans towards finding commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful and some assets are likely to become impaired in future periods.

Principal Accounting Policies continued

The Licence on the Ororo Field expired on 1 May 2019. Management has assumed that this will be renewed. Additionally in assessing the current value of the Ororo field, management have used an internal Field Development Plan ("FDP") rather than an updated Competent Persons Report ("CPR").

Management have impaired the intangible capitalised of $167,000 in another prospective acquisition as they have decided not to proceed with this opportunity.

Share-based payment

Management has made a number of assumptions in calculating the fair value of the share options as detailed in note 10. The critical assumption used is the estimated date of first hydrocarbons to surface which determine the exercise date of the options granted in December 2017. In managements opinion this event occurred on completion of the ATOG agreement on 6 November 2020. The share-based payment is charged to the statement of financial income over the period between the grant of the options and the expected exercise date.

Lease accounting

In calculating the lease asset and liability in respect of the lease for the London office, management has assumed that the Group will take advantage of the break clause in the lease, and therefore the lease has been considered to be a three year lease rather than the full potential five years.

(ii) Critical judgments in applying the Group's accounting policies

Sirius Taglient Petro Limited ("STPL")

In applying the accounting policies, which are described above, management have had to make a judgement on whether STPL should be consolidated as a subsidiary undertaking in accordance with IFRS 10 – Consolidated Financial Statements. The Company owns 50% of STPL's issued share capital but has the right to buy the remaining 50% for a nominal sum and has management and operating control of that company. The 50% shareholders have waived their right to receive profit distributions from the company and are holding the shares as nominee of the Group. On this basis the Group consider it is a subsidiary undertaking and, therefore, has consolidated 100% of the company's results for the period. The Directors have assessed fair value of the option to buy the remaining 50% of the share capital to be £Nil (2018: £Nil).

Adoption of new or amended IFRS

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2019

	Notes	Year ended 2019 $'000	Year ended 2018 $'000
Other income		50	52
Impairment of intangibles	5	(167)	–
Share based payments	10	(858)	(1,682)
Other administrative expenses	1	(3,370)	(4,115)
Total administrative expenses		(4,395)	(5,797)
Loss from operations		(4,345)	(5,745)
Finance cost	2	(1,815)	(1,276)
Loss before and after taxation, and loss attributable to the equity holders of the Company		(6,160)	(7,021)
Other comprehensive (loss)/profit			
Exchange differences on translating foreign operations		(37)	239
Other comprehensive (loss)/profit for the period, net of tax		(37)	239
Total comprehensive loss for the year, attributable to owners of the company		(6,197)	(6,782)
Total loss per ordinary share			
Basic and diluted loss per share (cents)	4	(0.17)	(0.20)

All of the activities of the Group are classed as continuing.

The accompanying principal accounting policies and notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	Share capital $'000	Share premium $'000	Share based payment reserve $'000	Exchange reserve $'000	Retained earnings $'000	Total equity $'000
Balance at 1 January 2018	13,210	35,216	2,722	(265)	(38,862)	12,021
Share based payments	–	–	1,682	–	–	1,682
Transfer on lapse of share options/warrants	–	–	(426)	–	426	–
Transactions with owners	–	–	1,256	–	426	1,682
Exchange difference on translating foreign operations	–	–	–	239	–	239
Loss for the year	–	–	–	–	(7,021)	(7,021)
Total comprehensive (loss)/profit for the year	–	–	–	239	(7,021)	(6,782)
Balance at 31 December 2018	13,210	35,216	3,978	(26)	(45,457)	6,921
Share based payments	–	–	858	–	–	858
Share issue	543	711	–	–	–	1,254
Share issue costs	–	(7)	–	–	–	(7)
Transactions with owners	543	704	858	–	–	2,105
Exchange difference on translating foreign operations	–	–	–	(37)	–	(37)
Loss for the year	–	–	–	–	(6,160)	(6,160)
Total comprehensive loss for the year	–	–	–	(37)	(6,160)	(6,197)
Balance at 31 December 2019	13,753	35,920	4,836	(63)	(51,617)	2,829

The accompanying principal accounting policies and notes form an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2019

	Notes	31 December 2019 $'000	31 December 2018 $'000
Assets			
Non-current assets			
Intangible exploration and evaluation assets	5	16,239	16,301
Property, plant and equipment	6	355	649
		16,594	16,950
Current assets			
Cash and cash equivalents		573	3
Trade and other receivables	7	199	567
Total current assets		772	570
Total assets		17,366	17,520
Liabilities			
Current liabilities			
Bank overdraft		–	87
Trade and other payables	8	5,398	8,927
Lease liability	16	193	194
Loans payable	9	8,946	1,214
Total current liabilities		14,537	10,422
Liabilities due after one year			
Lease liability	16	–	177
Total liabilities		14,537	10,599
Equity			
Share capital	11	13,753	13,210
Share premium		35,920	35,216
Share-based payment reserve	10	4,836	3,978
Exchange reserve		(63)	(26)
Retained earnings		(51,617)	(45,457)
Equity attributable to equity holders of the Company		2,829	6,921
Total equity and liabilities		17,366	17,520

The consolidated financial statements were approved by the Board and authorised for issue on 3 December 2020.

J Pryde
Director

Company No 05181462

3 December 2020

The accompanying principal accounting policies and notes form an integral part of these financial statements.

Consolidated Cashflow Statement

For the year ended 31 December 2019

	Year ended 31 December 2019 $'000	Year ended 31 December 2018 $'000
Cash flow from operating activities		
Continuing operations		
Loss after taxation	(6,160)	(7,021)
Depreciation	295	252
Impairment	167	–
Finance cost	1,815	1,276
Increase/(decrease) in trade and other receivables	368	(309)
Equity settled share-based payments	858	1,682
Expenses settled in shares	–	–
Increase/(decrease) in trade and other payables	(3,272)	2,544
Net cash outflow from operating activities from continuing operations	(5,929)	(1,576)
Cash flows from investing activities		
Purchase of intangibles	(105)	(5,747)
Purchase of property, plant and equipment	(1)	(318)
Net cash outflow from investing activities	(106)	(6,065)
Cash flows from financing activities		
Proceeds from issue of share capital	695	2,755
Share issue costs	(7)	–
Finance cost	(1,738)	(8)
Loans received	13,122	855
Lease payments	(184)	(96)
Lease interest	(9)	(7)
Loans repaid	(5,149)	(124)
Net cash inflow from financing activities	6,730	3,375
Net change in cash and cash equivalents	695	(4,266)
Cash and cash equivalents at beginning of period	(84)	4,014
Exchange differences on cash and cash equivalents	(38)	168
Cash and cash equivalents at end of period	573	(84)
Comprising of:		
Bank overdraft	–	(87)
Cash and cash equivalents	573	3
	573	(84)

The accompanying principal accounting policies and notes form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2019

1 Loss before taxation and segmental information

Loss before taxation

The loss before taxation is attributable to the principal activities of the Group.

The loss before taxation is stated after charging:

	Year ended 31 December 2019 $'000	Year ended 31 December 2018 $'000
Staff costs (see note 19)	1,973	2,918
Depreciation of fixed assets	295	252
Operating lease rentals: land and buildings	25	22
Fees payable to the Company's auditor for the audit of the financial statements	70	58
Fees payable to the Company's auditor and its associates for other services:		
Other services relating to taxation compliance	4	4

Segmental information

An operating segment is a distinguishable component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about the allocation of resources and assessment of performance and about which discrete financial information is available.

The chief operating decision maker has defined that the Group's only reportable operating segment during the year is oil extraction and related activities. The Group has not traded and has not generated any revenue from external customers during the period. In respect of non-current assets $352,000 (2018: $641,000) arise in the UK and $16,242,000 (2018: $16,309,000) arise in Nigeria.

2 Finance costs

	Year ended 31 December 2019 $'000	Year ended 31 December 2018 $'000
Finance costs		
Finance fees on loans	1,859	1,291
Finance cost on leases	9	7
Other finance fees	(53)	(22)
	1,815	1,276

Finance fees of $1,859,000 (2018: $196,000) are in respect of the short-term loans received from unconnected third parties and finance fees in respect of other loan facilities. Further information in respect of these loans is disclosed in note 9. Finance fees of $1,000,000 in 2018 were in relation to the write off of the arrangement fee on a facility the Group does not expect to utilise. Other finance fees credit of $53,000 (2018: $22,000) are in respect of other fees charges from creditors, PAYE and loan providers less credits agreed in respect of these charges.

Notes to the Financial Statements continued

For the year ended 31 December 2019

3 Taxation

There is no tax charge for the year (year ended 31 December 2018: $nil).

Unrelieved tax losses of approximately $23,342,000 (2018: $20,100,000) remain available to offset against future taxable trading profits. The unprovided deferred tax asset at 31 December 2019 is $4,621,000 (2018: $3,815,000) which has not been provided on the grounds that it is uncertain when or in what tax jurisdiction taxable profits will be generated by the Group to utilise those losses.

The tax assessed for the year differs from the standard rate of corporation tax in the UK as follows:

	2019 $'000	2019 %	2018 $'000	2018 %
Loss before taxation	(6,160)		(7,021)	
Loss multiplied by standard rate of corporation tax in the UK	(1,170)	(19.00)	(1,334)	(19.00)
Effect of:				
Expenses not deductible for tax purposes	280	(19.00)	730	(19.00)
Overseas loss not recognised	84	(19.00)	73	(19.00)
Unrelieved tax losses	806	(19.00)	531	(19.00)
Total tax charge for year	–		–	

4 Loss per share

	2019 $'000	2018 $'000
Loss attributable to owners of the Company	(6,160)	(7,021)

	2019 Number	2018 Number
Weighted average number of shares for calculating basic loss per share	3,679,640,327	3,555,965,801

	2019 Cents	2018 Cents
Basic and diluted loss per share	(0.17)	(0.20)

There are 473,500,000 share options and 172,031,250 warrants outstanding as at 31 December 2019, as detailed in note 10. Their effect is anti-dilutive, but is potentially dilutive against future profits.

Notes to the Financial Statements continued

For the year ended 31 December 2019

5 Intangible exploration and evaluation assets

Cost of oil and gas exploration

	$'000
Cost	
At 1 January 2018	10,554
Additions	5,747
At 31 December 2018	16,301
Additions	105
At 31 December 2019	16,406
Amortisation and impairment	
At 1 January 2018, 31 December 2018	–
Charge in the year	167
At 31 December 2019	167
Net book value at 31 December 2019	16,239
Net book value at 31 December 2018	16,301
Net book value at 1 January 2018	10,554

During the year ended 31 December 2011 Sirius Ororo OML95 Limited entered into an agreement with Guarantee Petroleum Company Limited and Owena Oil & Gas Limited which gives it the right to acquire a 40% interest in the Ororo Oil Field. The consideration for the 40% interest in the field was $1,000,000 paid on the date of the agreement with a further $500,000 due on the commencement of the drilling of the proposed Ororo-2 well.

Following the additional work as noted below and the completion of the feasibility report along with the ongoing funding negotiations, the Directors are confident of commencement of the drilling of the Ororo-2 well. The timing of this remains uncertain, as our intital focus is our Tunisian acquisition and Proposed Transformational Nigerian Transacton. As a result, this liability is now expected to become payable. The Directors reviewed the assumptions made and consider that the liability should be provided in full as it is expected to be paid shortly, therefore, the carrying value of the liability is assessed at $500,000 and is included in other payables (2018: $500,000). Under the agreement with our partners, the Group will cover all costs of this phase of the project. Costs plus interest of LIBOR+3% will be recoverable on the production of oil before the profit interest split is applied; these costs are being added to the costs of the asset.

The Directors have reviewed the investment for impairment. On 8 September 2016, the Group announced that an independent valuation of the Ororo field prepared by Rockflow Resources Limited, gave a mid-case net present value of the asset of $49.2m based on a $50 per barrel flat real oil price for the life of the field, and a low case net present value of $8.5m. This valuation was confirmed in the updated CPR in our admission document dated 30 November 2017. These valuations were recalculated at $65 per barrel and resulted in a low case net present value of $32.9m and a mid-case net present value of $96.1m. The Group prepared a Field Development Plan ("FDP") in June 2020 and using an oil price of $60 per barrel the valuations resulted in a net present value of $83m (excluding any allowances for pioneer tax relief). These valuations support the value of the investment held on the Statement of Financial Position and support the view that no impairment triggering events have occurred. The Group intends investing further amounts into the Ororo Oil Field, as part of its strategic development plans. The costs of the capital and operating costs will be covered by either separate funding facilities or by financial and technical industry partners on a joint farm-in basis. Should the Group not obtain the funding required the intangible asset would have to be fully impaired.

Notes to the Financial Statements continued

For the year ended 31 December 2019

5 Intangible exploration and evaluation assets continued

The Licence on the Ororo Field expired on 1 May 2019. As notified on 5 April 2019, the Group decided, in advance of the expiry date, to seek a further extension to the term of the licence from the Department of Petroleum Resources in Nigeria as has been done previously. The Group awaits the results of this application process. The granting of any extension to the term of the licence will require the approval of the Minister of Petroleum whose formal appointment has yet to be made. For clarification, there would be no drilling activity on the field until an extension is granted. The Board remains confident that the Group will be able to obtain a further extension to the term of the licence, which has already been granted on two previous occasions, therefore management has assumed that this will be renewed. In the unlikely event that this was not renewed, the Group would have to fully impair the intangible asset.

Investment of $167,000 in the OPL 241 oil licence was fully impaired during the year as the Group does not intend to proceed with this (2018: $Nil).

6 Property, plant and equipment

	Leasehold Property (see note 16) $' 000	Computer Equipment $' 000	Office Equipment $'000	Motor Vehicles $'000	Total $'000
Cost					
At 1 January 2018	–	51	29	25	105
Additions	570	27	291	–	888
Exchange difference	–	–	–	–	–
At 31 December 2018	570	78	320	25	993
Additions	–	1	–	–	1
At 31 December 2018	570	79	320	25	994
Depreciation					
At 1 January 2018	–	51	29	12	92
Charge for the year	148	27	72	5	252
At 31 December 2018	148	78	101	17	344
Charge for the year	190	1	99	5	295
At 31 December 2019	338	79	200	22	639
Net book value					
Balance at 31 December 2019	232	–	120	3	355
Balance at 31 December 2018	422	–	219	8	649
Balance at 1 January 2018	–	–	–	13	13

Notes to the Financial Statements continued

For the year ended 31 December 2019

7 Trade and other receivables

The fair value of these short-term financial assets is not individually determined as the carrying amount is a reasonable approximation of fair value. All trade and other receivables have been reviewed for indicators of impairment.

	31 December 2019 $'000	31 December 2018 $'000
Current		
Other receivables	152	223
Prepayments and accrued income	47	344
	199	567

8 Trade and other payables

	31 December 2019 $'000	31 December 2018 $'000
Trade payables	3,801	6,611
Other payables	676	1,293
Accruals	921	1,023
	5,398	8,927

There are amounts totalling $536,000 (2018: $518,000) due to directors in accruals which are due on first hydrocarbons to surface.

Additionally there are deferred payments of $97,000 (2018: $2,000,000) in trade payables which only become due three months after first hydrocarbons to surface. Management expect this to be within one year of the balance sheet date and therefore have presented these amounts as such.

The fair value of trade and other payables has not been disclosed as, due to their short duration, management consider the carrying amounts recognised in the Statement of Financial Position to be a reasonable approximation of their fair value.

9 Loans payable

During the year the Group received loans from several unconnected parties to fund working capital as set out below. These loans are unsecured.

Convertible loans

During the year the Group received a convertible loan of $1,817,000 (2018: $Nil), which incurred fees of $472,000 (2018: $Nil). Of this $560,000 was converted, $1,736,000 of capital and fees were repaid and there was a $7,000 exchange movement. No convertible loans were converted or prepaid in 2018.

There is one outstanding convertible loan received prior to 2018. At 31 December 2019, the carrying value of the financial liability is $329,000 (2018: $318,000), including a $11,000 (2018: $19,000) exchange movement and is included within loans payable. No fees or interest were due on this loan in either of the two years.

Notes to the Financial Statements continued

For the year ended 31 December 2019

9 Loans payable continued

Non-convertible loans

During the year the Group received non-convertible loans from third parties of $11,146,000 (2018: $523,000) and $1,381,000 of interest (2018: $188,000) was recognised on during the year. $4,628,000 of capital and interest was repaid (2018: $Nil) and foreign exchange of $13,000 (2018: $7,000) was recognised during the year.

Additionally a bank loan of $159,000 (2018: $332,000) was taken out. Total interest of $5,000 (2018: $8,000) on bank loans was recognised in the year. Bank loans were repaid in full during the year with a total of $358,000 (2018: $132,000) being paid in the year. Foreign exchange of $2,000 (2018: $15,000) was recognised on the bank loans.

The movements in the loans are summarised below:

	31 December 2019 $'000	31 December 2018 $'000
Convertible loans		
Balance at 1 January	318	337
Loans received	1,817	–
Interest charged	472	–
Repaid in cash	(1,736)	–
Converted	(560)	–
Foreign exchange	18	(19)
Balance at 31 December	329	318
Non-convertible loans		
Balance at 1 January	896	–
Loans received	11,305	855
Interest charged	1,386	196
Repaid in cash	(4,985)	(132)
Foreign exchange	15	(23)
Balance at 31 December	8,617	896

10 Share-based payments

The Group incurred a share-based payment charge of $858,000 (2018: $1,682,000), of which $574,000 (2018: $1,668,000) was in respect of share options and $284,000 (2018: $14,000) in respect of warrants. The Group operates share option schemes for certain employees (including directors). Options are exercisable at the option price agreed at the date of grant. The options are settled in equity once exercised. The options have varying exercise conditions as described below and are exercisable from the date the condition has been met until ten years from the grant date. The expected life of the options varies from six months to forty six months. Options granted to employees are forfeited if the employee leaves the Group before the options vest.

Notes to the Financial Statements continued

For the year ended 31 December 2019

10 Share-based payments continued

The options have the following exercise prices and fair values at the date of grant:

First exercise date (when vesting conditions are met)	Grant date	Assumed vesting period	Exercise price £	Fair value at grant date £	31 December 2019 Number	31 December 2018 Number
At the earlier of an exit event and 12 months after readmission to AIM	28-Feb-11	12 months	0.05	0.015628	36,000,000	36,000,000
At the earlier of an exit event and 12 months after readmission to AIM	28-Feb-11	12 months	0.09	0.006962	2,000,000	2,000,000
At the earlier of the first anniversary date of the date of grant or an exit event	11-Oct-11	6 months	0.05	0.015007	8,000,000	8,000,000
The date on which the successful first commercial production of hydrocarbons to the surface occurred.	19-Dec-17	35 months	0.01125	0.008154	208,750,000	208,750,000
12 months after the date on which the successful first commercial production of hydrocarbons to the surface occurred.	19-Dec-17	47 months	0.01125	0.008154	104,375,000	104,375,000
24 months after the date on which the successful first commercial production of hydrocarbons to the surface occurred.	19-Dec-17	59 months	0.01125	0.008154	104,375,000	104,375,000
The date on which the successful first commercial production of hydrocarbons to the surface occurred.	23-Jan-19	22 months	0.01125	0.003033	5,000,000	–
12 months after the date on which the successful first commercial production of hydrocarbons to the surface occurred.	23-Jan-19	34 months	0.01125	0.003033	2,500,000	–
24 months after the date on which the successful first commercial production of hydrocarbons to the surface occurred.	23-Jan-19	46 months	0.01125	0.003033	2,500,000	–
					473,500,000	463,500,000

Notes to the Financial Statements continued

For the year ended 31 December 2019

10 Share-based payments continued

The share options can be exercised up to between five years after the date first exercisable, and ten years from the grant date.

At 31 December 2019, 46,000,000 options were exercisable (2018: 46,000,000).

For those options granted to employees and directors, the fair values were calculated using the Black-Scholes model. The inputs into the model were as follows:

	23 January 2019	19 December 2017	11 October 2011	28 February 2011
Risk free rate	0.75%	0.50%	0.50%	0.50%
Share price volatility	56%	108%	80%	80%
Expected life	Between 22 months and 46 months	Between 35 months and 59 months	Between 6 months and 3 years	1 year and 3 years
Share price at date of grant	£0.00615	£0.0090	£0.0479	£0.0500

Expected volatility was determined by calculating the historical volatility of the Company's share price. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The following assumptions were used with regards to the vesting period:

- The options granted on 28 February 2011 with a vesting date of 24 March 2013, were assumed to vest in 12 months on their vesting date as the share price was expected to rise above 5p by that time.
- The options granted on 11 October 2011 were assumed to vest in 6 months on their vesting date as a transaction was expected to complete in March 2013.
- The options granted on 19 December 2017 were assumed to vest in 35/47/59 months on their vesting date as the successful first commercial production of hydrocarbons to surface is expected in November 2020.
- The options granted on 16 January 2019 were assumed to vest in 22/34/46 months on their vesting date as the successful first commercial production of hydrocarbons to surface is expected in November 2020.

The Group recognised a charge of $574,000 (year ended 31 December 2018: $1,668,000) relating to these equity-settled share-based payment transactions during the year. Although the 2011 options have not yet vested the assumptions made have not been changed as the effect was not considered to be material.

Warrants

On 11 August 2011, 20,000,000 warrants were issued to consultants at 5p. These warrants may be exercised, in whole or in part or parts, at any time from the date of grant until the tenth anniversary of the date of grant.

On 7 April 2014, 5,000,000 warrants were issued to S Fletcher at 5p for services performed as directors. These warrants may be exercised, in whole or in part or parts, at any time between 1 October 2015 and 31 October 2024.

On 1 May 2015, 10,000,000 warrants at 2p were issued to Juniper Capital Partners Limited Partnership for strategic and financial advice provided to the Group. These warrants may be exercised, in whole or in part or parts, at any time from the date of grant until the fifth anniversary of the date of grant.

On 24 October 2017, 5,000,000 warrants at 2p were issued to Soncer Limited. These warrants may be exercised, in whole or in part or parts, at any time from the date of grant until the third anniversary of the date of grant.

Notes to the Financial Statements continued

For the year ended 31 December 2019

10 Share-based payments continued

On 3 December 2018, 35,000,000 warrants at 2p were issued to Harmattan Energy Limited. These warrants may be exercised, in whole or in part or parts, at any time from the date of grant until 11 August 2020.

On 16 January 2019, 82,031,250 warrants at 0.64p were issued to European High Growth Opportunities Securitization Fund. These warrants may be exercised, in whole or in part or parts, at any time from the date of grant until the fifth anniversary of the date of grant.

On 27 August 2019, 15,000,000 warrants at 2p were issue to CCM Ventures Corp. These warrants may be exercised, in whole or in part or parts, at any time from the date of grant until the fifth anniversary of the date of grant.

At 31 December 2019, a total of 172,031,250 warrants were exercisable. The weighted average exercise price is 1.35 pence and a weighted average remaining contractual life of 2.44 years.

At 31 December 2019, the following share warrants granted for services are outstanding in respect of the ordinary shares:

	2019		2018	
	Number	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)
Outstanding at 1 January	75,000,000	3.00	333,000,000	2.23
Granted during the year	97,031,250	0.85	35,000,000	2.00
Lapsed during the year	–	–	(293,000,000)	2.00
Outstanding and exercisable at 31 December	172,031,250	1.35	75,000,000	3.00

Each warrant is governed by the provisions of warrant instruments representing the warrants which have been adopted by the Group. The rights conferred by the warrants are transferable in whole or in part subject to and in accordance with the transfer provisions set out in the Articles. The holders of warrants have no voting right, pre-emptive right or other right attaching to Ordinary Shares. All warrants issued vest in full.

The fair value of the services received is considered to be comparable to the fair value of the warrants issued in 2011 to 2019. These have been valued using the Black-Scholes valuation model. The inputs into the Black-Scholes model for calculating estimated fair values were as follows:

	Risk free rate	Share price volatility	Exercise price	Share price at date of grant	Fair value at date of grant
11 October 2011	0.50%	80%	£0.05	£0.0479	£0.150070
07 April 2014	0.50%	61.24%	£0.05	£0.0288	£0.017125
01 May 2015	0.50%	76.65%	£0.02	£0.0105	£0.005068
24 October 2017	0.25%	107.68%	£0.02	£0.0125	£0.006124
3 December 2018	0.75%	59.23%	£0.02	£0.00675	£0.000305
16 January 2019	0.75%	56.40%	£0.006	£0.00575	£0.002606
27 August 2019	0.75%	56.93%	£0.02	£0.00400	£0.000509

Expected volatility was determined by calculating the historical volatility of the Company's share price using historical share prices. The warrants issued in October 2011 were expected to vest in 12 months from date of grant. The warrants issued in April 2014 were expected to vest in 12 months from date of grant. All of the warrants issued in 2015, 2017, 2018 and 2019 were expected to vest immediately. Although some have not yet vested the assumptions made have not been changed as the effect was not considered to be material.

The Group recognised total expenses of $284,000 (2018: $14,000) relating to these equity-settled share-based payment transactions during the year.

Notes to the Financial Statements continued

For the year ended 31 December 2019

11 Share capital

	31 December 2019 $'000	31 December 2018 $'000
Allotted, issued and fully paid		
3,722,632,985 (2018: 3,555,965,801) ordinary shares of 0.25p	13,753	13,210

The movement in share capital is analysed as follows:

	Ordinary shares No.	$000
Allotted and issued		
At 31 December 2017 and 31 December 2018	3,555,965,801	13,210
Shares issued for cash	80,266,668	262
Loan conversions	86,400,516	281
At 31 December 2019	3,722,632,985	13,753

The ordinary shares carry one vote each and on winding up of the Company the balance of assets available for distribution will, subject to any relevant restrictions, be divided amongst the shareholders.

12 Reconciliation of liabilities arising from financing acivities

	Short-term borrowings $'000	Long-term borrowings $'000	Total $'000
1 January 2018	1,408	177	1,585
Cash-flows:			
– Proceeds	13,122	–	13,122
– Interest paid	(1,582)	–	(1,582)
– Repayments	(5,333)	–	(5,333)
Non-cash:			
– Accrued interest	1,868	–	1,868
– Converted into shares	(560)	–	(560)
– Transfer	177	(177)	0
– Foreign exchange movement	39	–	39
31 December 2019	9,139	–	9,139

Notes to the Financial Statements continued

For the year ended 31 December 2019

12 Reconciliation of liabilities arising from financing acivities continued

	Short-term borrowings $'000	Long-term borrowings $'000	Total $'000
1 January 2018	337	–	337
Cash-flows:			
– Proceeds	855	–	855
– Interest paid	(8)	–	(8)
– Repayments	(227)	–	(227)
Non-cash:			
– Accrued interest	200	3	203
– Lease liability	319	195	514
– Foreign exchange movement	(68)	(21)	(89)
31 December 2018	1,408	177	1,585

13 Contingent liabilities

At 31 December 2019 there was a contingent liability of $112,000 (£85,000) to Effra for services provided (2018: $108,000). The Group disputes this claim, and no legal action has commenced.

14 Contingent assets

There were no contingent assets at 31 December 2019. At 31 December 2018 there was a contingent asset in respect of a potential interest in the OML 109 licence as announced on 4 December 2018. This was contingent upon financing and shareholder approval.

15 Capital commitments and undrawn borrowings

There were no capital commitments at 31 December 2019 or at 31 December 2018. At 31 December 2019 there were no undrawn borrowings (31 December 2018: partially convertible loan facility of $12 million).

16 Leases

In March 2018 the Group entered into an office lease at 25 Bury Street. The following amounts relate to leases.

Amounts included in property, plant and equipment in the statement of financial position:

	2019 $'000	2018 $'000
Right-of-use assets		
Properties	232	422
	232	422

Amounts shown as lease liability in the statement of financial position:

	2019 $'000	2018 $'000
Lease liabilities		
Current	193	194
Non-current	–	177
	193	371

Notes to the Financial Statements continued
For the year ended 31 December 2019

16 Leases continued

The group leases the property at 25 Bury Street in London and an office in Lagos.

The lease in London is for a term of five years from March 2018, with a break clause after three years. Management have assumed that the Group will avail itself of the break clause in accounting for the lease.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. The office in Nigeria is held on a 12 month lease. Additionally, prior to occupation of the Bury Street office in May 2018, the group had a short term lease on a serviced office in London on which one month's notice was required.

In 2019 the Group recognised the following amounts in respect of leases:

Lease depreciation – $190,000 (2018: $148,000)
Lease interest – $9,000 (2018: $7,000)
Service charges $41,000 (2018: $32,000)
Expense relating to short term leases (included within other administrative expenses) – $25,000 (2018: $22,000)

The total cash outflow in respect of leases was $376,000 (2018: $107,000).

17 Financial instruments

The Group is exposed to a variety of financial risks which result from both its operating and investing activities. The Board is responsible for co-ordinating the Group's risk management and focuses on actively securing the Group's short to medium term cash flows.

The Group does not actively engage in the trading of financial assets and has no financial derivatives. The most significant risks to which the Group is exposed are described below:

a Credit risk

The Group's credit risk is primarily attributable to its trade receivables. At 31 December 2019, the Group had $Nil of trade receivables and, therefore, minimal risk.

Generally, the Group's maximum exposure to credit risk is limited to the carrying amount of the financial assets recognised at the Statement of Financial Position date, as summarised below:

	31 December 2019			31 December 2018		
	Receivables held at amortised cost $'000	Non financial assets $'000	Statement of Financial Position total $'000	Receivables held at amortised cost $'000	Non financial assets $'000	Statement of Financial Position total $'000
Other receivables	152	–	152	223	–	223
Prepayments and accrued income	–	47	47	–	344	344
Cash and cash equivalents	573	–	573	3	–	3
Total	725	47	772	226	344	570

The credit risk on liquid funds is limited due to the level of cash held and because the Group only places deposits with leading financial institutions in the United Kingdom.

Notes to the Financial Statements continued
For the year ended 31 December 2019

17 Financial instruments continued

b Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. The Directors prepare rolling cash flow forecasts and seek to raise additional equity funding whenever a shortfall in funding is forecast. Details of the going concern basis of preparing the financial statements are included in the principal accounting policies.

c Market risk

Interest rate risk

The Group bears negligible interest rate risk at 31 December 2019.

d Foreign currency risk

The Group operates in the UK and Nigeria and carries out transactions in US dollars, Sterling and Nigerian Naira. The Group does not have a policy to hedge but will continue to keep this under review. The Group operates foreign currency bank accounts to help mitigate the foreign currency risk.

e Financial liabilities

The Group's financial liabilities are classified as follows:

	31 December 2019			31 December 2018		
	Other financial liabilities at amortised cost $'000	Liabilities not within the scope of IFRS 9 $'000	Total $'000	Other financial liabilities at amortised cost $'000	Liabilities not within the scope of IAS 39 $'000	Total $'000
Trade payables	3,801	–	3,801	6,611	–	6,611
Other payables	676	–	676	1,293	–	1,293
Bank overdraft	–	–	–	87	–	87
Lease liability	193	–	193	371	–	371
Loans	8,946	–	8,946	1,214	–	1,214
Accruals	921	–	921	1,023	–	1,023
Total	14,537	–	14,537	10,599	–	10,599

Included in the table above is $500k relating to additional consideration for the Ororo field being the expected cash outflow on commencement of the operation of the well. This has been included in the Statement of Financial Position at 31 December 2019 at a fair value of $500k (2018: $500k).

Maturity of financial instruments

All financial liabilities except the lease liability in the table above at 31 December 2019 and 31 December 2018 mature in less than one year. The maturity of the lease liability is shown below:

	2019 $'000	2018 $'000
Lease liability		
Amounts due within one year	193	194
Amounts due in one to five years	–	177

Notes to the Financial Statements continued
For the year ended 31 December 2019

17 Financial instruments continued

Borrowing facilities for the year ended 31 December 2019

At 31 December 2019 there were no undrawn committed loan facilities (2018: undrawn partially convertible loan facility of $12 million).

f Capital risk management

The Group's objectives when managing capital are:

– to safeguard the Group's ability to continue as a going concern, so that it continues to provide returns and benefits for the shareholders;

– to support the Group's stability and growth; and

– to provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Management regards total equity as capital and reserves, for capital management purposes.

The financial statements show that the Group's net assets are less than half its called up share capital. In these circumstances, the Directors of the Group are obliged by section 656 of the CA 2006 to convene a general meeting for the purposes of considering whether any and if so what, steps should be taken to deal with the Group's current financial position. The Directors will consider this issue at the Company's forthcoming Annual General Meeting.

18 Related party transactions

At 31 December 2019 the following amounts were due to directors:

	Net salary	Expenses	Accrued salary
31 December 2019			
O Kuti	–	–	186,249
J Pryde	–	–	349,644
T Hayward	–	1,954	–
S Hawkins	–	871	–
31 December 2018			
O Kuti	41,282	2,371	179,891
J Pryde	75,295	4,401	337,706
M Henderson	14,882	5,206	–
C Neal	22,799	4,191	–
T Hayward	6,041	3,181	–
S Hawkins	7,592	415	–

During the year, the Company made loans of $276,854 (2018: $360,936) to Sirius Taglient Petro Limited (a subsidiary undertaking) for cash advances to cover operating expenses and invoices paid on their behalf. At 31 December 2019, Sirius was owed $4,318,930 (2018: $4,042,076) from Sirius Taglient Petro Limited, which has been provided for in full.

Notes to the Financial Statements continued
For the year ended 31 December 2019

19 Employee remuneration

The expense recognised for employee benefits, including the Directors' emoluments, is analysed below:

	2019 $'000	2018 $'000
Wages and salaries	1,200	1,133
Social security	165	142
Share-based payments	554	1,608
Benefits in kind	54	35
	1,973	2,918

The Directors are the Key Management Personnel of the Group. The remuneration of the highest paid employee was $230,131 (2018: $223,697).

The average number of employees during the year was:

	2019 No.	2018 No.
Directors	6	6
Other	9	9
	15	15

20 Subsidiaries

The following subsidiaries have been consolidated in these accounts:

Subsidiary	Proportion of ordinary share capital held	Nature of business	Country of incorporation
Sirius Oil & Gas Limited	100%	Dormant	England and Wales
Sirius Taglient Petro Limited	50%	Management services	Nigeria
Sirius Trading Nigeria Limited	100%	Trading of oil	Nigeria
Sirius Ororo OML95 Limited	100%	Exploration for mineral resources	Nigeria
SRS Petroleum Nigeria Limited	100%	Exploration for mineral resources	Nigeria
Sirius Exploration and Production Company Limited (previously Sirius 2012 Limited)	100%	Exploration for mineral resources	Nigeria
Sirius Finance UK Limited	100%	Securitisation vehicle	England and Wales

21 Subsequent events

On 14 January 2020 Sirius Finance UK Limited was struck off at the Company's request.

On 7 November 2020 we were pleased to announce our agreement with Anglo Tunisia Oil and Gas Limited, details of which are set out in the Chairman's Statement.

Covid-19 has had little direct impact on Sirius as the Company already had provisions in place for remote working, apart from the impact on the oil price, and the effect that this has had on the timing of our completing transactions.

Sirius Petroleum Plc

Company Statutory Financial Statements

(prepared under UK GAAP – FRS 102)

for the year ended 31 December 2019

Company No 05181462

Principal Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, and in accordance with the Companies Act 2006.

The individual accounts of Sirius Petroleum Plc have also adopted the following disclosure exemptions as it meets the definition of a qualifying entity due to the disclosures being made in the consolidated financial statements:

– the requirement to present a statement of cash flows and related notes

– the requirement to disclose financial instruments

– the requirement to disclose key management personnel compensation

– the requirement to disclose share based payments

Going concern

The Directors have prepared cash flow forecasts for the period up to February 2022. These assume that the Group completes on the Proposed Transaction discussed in the Chairman's statement, and that the Company relists on AIM in Q1 2021. However there is no certainty that the Group will complete on the Proposed Transaction and relist.

The Group has in place a term sheet for a loan facility of up to $100m to cover its capital expenditure requirements, and have included drawing $75m of this facility in its projections. Additionally the Group has in place a term sheet for a $20m mezzanine debt facility which has been assumed to be drawn in full. The Group also has committed equity finding of $20m subject to completing the Proposed Transaction. Both the mezzanine debt and equity can be utilized for general working capital purposes, including repayment of all existing loans and creditors that are outstanding at the present time. The loan facilities, whilst agreed, are subject to satisfactory due diligence and execution of funding and security agreements.

The projections indicate that the Group would have a cash balance of $19.5m, in addition to a combined circa $45m of headroom on available facilities at 28 February 2022. This includes fully repaying all loans and creditors that are outstanding or overdue for settlement at the present time during 2021. All loans and other creditors are due for payment within one year. Where non-convertible loans are in default as at the date of these financial statements, we remain confident that we retain the full support of these creditors to support us until such time as the funding is available to settle these balances. However, the Group has not yet reached formal agreement with all of its creditors on the scheduled timing of these repayments.

Should the proposed transaction not complete or be delayed, the directors are confident that they have a number of viable alternative sources of funding that can be pursued to enable the group and the company to meet its liabilities as they fall due in the forecast period.

The Directors therefore believe that the Group and parent company will have sufficient cash resources to meet its liabilities as they fall due for a period of at least 12 months from the date that the financial statements are signed. Consequently, the financial statements have been prepared on a going concern basis. However, as outlined above, the conditions relating to the completion of the Proposed Nigeria transaction, and should this transaction not complete, the ability of the company to secure alternative financing to settle its existing loan and other creditor balances, indicate the existence of material uncertainties which may cast significant doubt about the Group and parent company's ability to continue as a going concern.

The Group and parent company financial statements do not include the adjustments that would result if the Group or parent company was unable to continue as a going concern.

Principal Accounting Policies continued

Other income

Other income represents the total value, excluding VAT, of income receivable from professional services. Income is recognised as the services are provided.

Taxation

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the Statement of Financial Position date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable result for the period. All changes to current tax assets or liabilities are recognised as a component of tax expense in the statement of comprehensive income.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the financial statements with their respective tax bases. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the Statement of Financial Position date.

Most changes in deferred tax assets or liabilities are recognised as a component of tax expense in the statement of comprehensive income. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged or credited directly to equity or other comprehensive income are charged or credited directly to equity or other comprehensive income.

Financial assets

The Company's financial assets comprise cash, loans receivable and trade and other receivables.

All financial assets are recognised when the Company becomes party to the contractual provisions of the instrument. All financial assets are initially recognised at fair value, plus transaction costs.

Financial assets categorised as loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest rate method.

Trade and other receivables are provided against when objective evidence is received that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows, calculated by discounting using the original discounted rate.

Financial assets are derecognised when the rights to receive cash flows for the asset expire or the financial assets are transferred and the Company has transferred substantially all the risks and rewards of ownership of the financial asset. On derecognition of a financial asset, the difference between the assets carrying amount and the sum of the consideration is recognised in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, bank deposits repayable on demand, and other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, less advances from banks repayable on demand from the date of the advance if the advance forms part of the Company's cash management.

Principal Accounting Policies continued

Classification as financial liabilities or equity

Financial instruments or their component parts are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to equity.

A compound instrument is a non-derivative financial instrument which contains both a liability and an equity component. These components are accounted for separately as financial liabilities and equity components, and are presented separately in the statement of financial position.

Equity

Share capital is determined using the nominal value of shares that have been issued.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Where warrants have been issued for services in relation to procuring subscribers, the relevant fair value charge has been set against share premium as a cost of issue.

The share-based payment reserve represents the cumulative amount which has been expensed in the statement of comprehensive income in connection with share-based payments, less any amounts transferred to retained earnings on the exercise of share options or warrants.

Other reserves comprise the amounts arising on the initial recognition of compound instruments.

Translation reserves are amounts in respect of unrealised exchange differences.

Retained earnings include all current and prior year results as disclosed in the statement of comprehensive income.

Financial liabilities

The Group's financial liabilities comprise trade and other payables, bank overdrafts, lease liability and loans payable.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance costs in the statement of comprehensive income using the effective interest method.

Trade and other payables are recognised initially at fair value, net of direct issue costs, and are subsequently recorded at amortised cost using the effective interest method with interest related charges recognised as an expense in the statement of comprehensive income.

Loans payable are recognised initially at fair value, net of direct issue costs and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are recognised in the statement of comprehensive income on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. There are currently no financial liabilities held at "fair value through profit or loss".

Principal Accounting Policies continued

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the statement of comprehensive income.

Compound instruments

On initial recognition, the fair value of the consideration for the liability component of the instrument is determined based on the fair value of a similar instrument that does not have an equity conversion option and recognised as a financial liability. Subsequent measurement is in accordance with the financial liabilities accounting policy.

The equity component is recognised initially as the residual value remaining when the fair value of the debt component is compared to the fair value of the compound instrument as a whole. The equity component is not remeasured after initial recognition except on expiry.

Other provisions, contingent liabilities and contingent assets

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the Statement of Financial Position date, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognised, if virtually certain as a separate asset, not exceeding the amount of the related provision. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. In addition, long-term provisions are discounted to their present values, where time value of money is material. All provisions are reviewed at each Statement of Financial Position date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognised in the statement of financial position. Probable inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

Share-based payments

Options

The Company issues equity-settled share-based payments to certain employees (including directors) in the form of options. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the Company's estimate of the shares that will eventually vest.

Fair value is measured using the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates.

No adjustment is made to the expense recognised in prior periods if fewer share options are ultimately exercised than originally estimated. Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of shares issued are allocated to share capital with any excess being recorded as share premium.

Principal Accounting Policies continued

Warrants

The Company has also issued equity settled share-based payments to certain employees (including directors), and in respect of services provided by external consultants in the form or warrants. The share-based payment is measured at fair value of the services provided at the grant date, or if the fair value of the services cannot be reliably measured using the Black-Scholes model. The expense is allocated over the vesting period. Where services provided relate to the issue of shares the expense has been charged to share premium.

Fees and loans settled in shares

Where shares have been issued as consideration for services provided or loans outstanding they are measured at the fair value of the services provided. The difference between the carrying amount of the financial liability (or part thereof) extinguished, and the fair value of the shares, is recognised in the statement of comprehensive income.

Property, plant and equipment

Measurement basis

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use. Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the assets only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

All other costs, such as repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

When assets are sold, any gain or loss resulting from their disposal, being the difference between the net disposal proceeds and the carrying amount of the assets, is included in the statement of comprehensive income.

Depreciation

Depreciation is calculated so as to write off the cost of property, plant and equipment, less its estimated residual value, over its useful economic life as follows:

Computer equipment	–	within the current financial year
Office equipment	–	straight-line over 3 years

Operating leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Foreign currencies

In the individual financial statements foreign currency transactions are translated into the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the reporting date. Non-monetary items that are measured at historic cost in a foreign currency are translated at the exchange rate at the date of transaction and are not re-translated. Non-monetary assets that are measured at fair value in a foreign currency are translated into the functional currency using the exchange rates at the date when the fair value was determined. The functional currency of the Company is GBP and the presentational currency of the Company is USD.

Principal Accounting Policies continued

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the statement of comprehensive income in the period in which they arise.

Non-monetary assets that are measured at fair value in a foreign currency are translated into the functional currency using the exchange rates at the date when the fair value was determined.

Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the statement of comprehensive income in the period in which they arise.

In the financial statements all individual financial statements that are originally presented in a currency different from the Company's presentational currency have been converted into USD. Assets and liabilities have been translated into USD at the closing rates at the reporting date. Income and expenses have been converted into USD at the exchange rates at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this process have been recognised in other comprehensive income and accumulated separately in the currency exchange reserve in equity.

The average GBP exchange rate used during the year was USD 1.277309 (2018: 1.35501). The closing exchange rate at 31 December 2019 was USD 1.31858 (2018: 1.273562).

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are discussed below:

Going concern

In view of the losses during the year, the Directors have carefully considered the appropriateness of preparing the financial statements on a going concern basis. Details of the Directors' review and conclusion are detailed under the heading 'Going Concern' on page 42 above.

Share-based payment

Management has made a number of assumptions in calculating the fair value of the share options as detailed in note 10 in the consolidated financial statements. The critical assumption used is the estimated date of first hydrocarbons to surface which determine the exercise date of the options granted in December 2017. In managements opinion this event occurred on completion of the ATOG agreement on 6 November 2020. This timing is an estimate made by management and is not a certainty. The share-based payment is charged to the statement of financial income over the period between the grant of the options and the expected exercise date.

Statement of Financial Position

As at 31 December 2019

	Note	31 December 2019 $'000	31 December 2018 $'000
Assets			
Fixed assets			
Investment in subsidiaries	1	16	–
Tangible fixed assets	2	120	219
Total fixed assets		136	219
Current assets			
Cash and cash equivalents		567	–
Trade and other receivables	3	198	562
Total current assets		765	562
Total assets		901	781
Liabilities			
Current liabilities			
Bank overdraft		–	87
Trade and other payables	4	4,574	8,180
Loans payable	4	8,946	1,214
Total liabilities		13,520	9,481
Equity			
Share capital	6	13,753	13,210
Share premium		35,920	35,216
Share-based payment reserve	5	4,836	3,978
Exchange reserve		195	223
Retained earnings		(67,323)	(61,327)
Equity attributable to equity holders of the Company		(12,619)	(8,700)
Total equity and liabilities		901	781

The Company's loss for the year was $5,996,000 (year ended 31 December 2018: $13,350,000).

The financial statements were approved by the Board and authorised for issue on 3 December 2020.

J Pryde
Director

3 December 2020

Company number: 05181462

The accompanying principal accounting policies and notes form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2019

	Share capital $'000	Share premium $'000	Share based payment reserve $'000	Exchange reserve $'000	Retained earnings $'000	Total equity $'000
Balance at 1 January 2018	13,210	35,216	2,722	23	(48,403)	2,768
Share based payments	–	–	1,682	–	–	1,682
Transfer on lapse of share options/warrants	–	–	(426)	–	426	–
Transactions with owners	–	–	1,256	–	426	1,682
Exchange difference on translating foreign operations	–	–	–	200	–	200
Loss for the year	–	–	–	–	(13,350)	(13,350)
Total comprehensive (loss)/profit for the year	–	–	–	200	(13,350)	(13,150)
Balance at 31 December 2018	13,210	35,216	3,978	223	(61,327)	(8,700)
Share based payments	–	–	858	–	–	858
Share issue	543	711	–	–	–	1,254
Share issue costs	–	(7)	–	–	–	(7)
Transactions with owners	543	704	858	–	–	2,105
Exchange difference on translating foreign operations	–	–	–	(28)	–	(28)
Loss for the year	–	–	–	–	(5,996)	(5,996)
Total comprehensive loss for the year	–	–	–	(28)	(5,996)	(6,024)
Balance at 31 December 2019	13,753	35,920	4,836	195	(67,323)	(12,619)

The accompanying principal accounting policies and notes form an integral part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2019

1 Fixed asset investments

	Investment in group undertakings $'000
Cost	
At 31 December 2017 and 31 December 2018	19,260
Additions	16
	19,276
Amounts written off:	
At 31 December 2017 and 31 December 2018 and 31 December 2019	19,260
Net book value at 31 December 2019	16
Net book value at 31 December 2017 and 31 December 2018	–

At 31 December 2019 the Company holds ordinary share capital in the following subsidiary undertakings:

Subsidiary	Proportion of ordinary share capital held	Nature of business	Country of incorporation	Registered Office
Sirius Oil & Gas Limited	100%	Dormant	England and Wales	16 Great Queen Street, London, WC2B 5DG, UK
Sirius Taglient Petro Limited	50%	Management services	Nigeria	3 Jerry Iriabe Street Lekki Scheme 1, Lagos, Nigeria
Sirius Trading Nigeria Limited	100%	Trading of oil	Nigeria	3 Jerry Iriabe Street Lekki Scheme 1, Lagos, Nigeria
Sirius Ororo OML95 Limited	100%	Exploration for mineral resources	Nigeria	3 Jerry Iriabe Street Lekki Scheme 1, Lagos, Nigeria
SRS Petroleum Nigeria Limited	100%	Exploration for mineral resources	Nigeria	3 Jerry Iriabe Street Lekki Scheme 1, Lagos, Nigeria
Sirius Exploration and Production Company Limited (previously Sirius 2012 Limited)	100%	Exploration for mineral resources	Nigeria	3 Jerry Iriabe Street Lekki Scheme 1, Lagos, Nigeria
Sirius Finance UK Limited	100%	Securitisation vehicle	England and Wales	35 Great St. Helen's, London, EC3A 6AP

At 31 December 2019 the Company owned 50% of the shares in Sirius Taglient Petro Limited, a company incorporated in Nigeria, to operate in the oil and gas sector. The Company has the right to acquire the remaining 50% shares for a nominal sum and has management and operating control of that company.

Notes to the Financial Statements continued

For the year ended 31 December 2019

2 Property, plant and equipment

	Computer equipment $' 000	Office equipment $'000	Total $'000
Cost			
At 1 January 2018	34	8	42
Additions	27	291	318
At 31 December 2018	61	299	360
Additions	1	–	1
At 31 December 2019	62	299	361
Depreciation			
At 1 January 2018	34	8	42
Charge for the year	27	72	99
At 31 December 2018	61	80	141
Charge for the year	1	99	100
At 31 December 2019	62	179	241
Net book value			
Balance at 31 December 2019	–	120	120
Balance at 31 December 2018	–	219	219
Balance at 1 January 2018	–	–	–

3 Debtors

	31 December 2019 $'000	31 December 2018 $'000
Other debtors	150	221
Prepayments and accrued income	48	341
	198	562

Given the uncertainty of the recoverability of the amounts owed by Group undertakings management have provided in full for the outstanding balance of $20,414,000 (2018: $20,096,000).

Notes to the Financial Statements continued

For the year ended 31 December 2019

4 Creditors: amounts falling due within one year

	31 December 2019 $'000	31 December 2018 $'000
Bank overdraft	–	87
Trade creditors	3,762	6,532
Social security and other taxes	64	239
Other creditors	–	468
Loans	8,946	1,214
Accruals and deferred income	748	941
	13,520	9,481

There are amounts totalling $536,000 (2018: $518,000) due to directors in accruals which are due on first hydrocarbons to surface.

Additionally there are deferred payments of $97,000 (2018: $2,000,000) in trade payables which only become due three months after first hydrocarbons to surface management expect this to be within one year of the balance sheet date and therefore have presented these amounts as such.

The fair value of trade and other payables has not been disclosed as, due to their short duration, management consider the carrying amounts recognised in the Statement of Financial Position to be a reasonable approximation of their fair value.

During the year the Group received loans from several unconnected parties to fund working capital amounting to $12,963,000 (2018: $523,000), on which loan fees and interest of $1,511,000 was recognised during the year (2018: $188,000). Additionally a bank loan of $159,000 (2018: $332,000) was taken out at an interest rate of 2.5% over base rate.

During the year the Group received loans from several unconnected parties to fund working capital as set out below. These loans are unsecured.

For details of the treatment on these loans see note 9 of the consolidated financial statements.

5 Share-based payments

Details of share-based payments are disclosed in note 10 of the consolidated financial statements.

6 Share capital

	31 December 2019 $'000	31 December 2018 $'000
Allotted, issued and fully paid		
3,722,632,985 (2018: 3,555,965,801) ordinary shares of 0.25p	13,753	13,210

Notes to the Financial Statements continued

For the year ended 31 December 2019

6 Share capital continued

The movement in share capital is analysed as follows:

	Ordinary shares No.	$000
Allotted and issued		
At 31 December 2017 and 31 December 2018	3,555,965,801	13,210
Shares issued for cash	80,266,668	262
Loan conversions	86,400,516	281
At 31 December 2019	3,722,632,985	13,753

The ordinary shares carry one vote each and on winding up of the Company the balance of assets available for distribution will, subject to any relevant restrictions, be divided amongst the shareholders.

7 Loss for the financial year

The Company has taken advantage of the exemption under the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The Company's loss for the year was $5,996,000 (2018: $13,350,000).

	31 December 2019 $'000	31 December 2018 $'000
Fees payable to the Company's auditor for the audit of the financial statements	70	58
Fees payable to the Company's auditor and its associates for other services:		
Other services relating to taxation compliance	4	4

8 Operating leases

On 21 March 2018, the Company entered into a lease on its premises at 25 Bury Street for a minimum term of three years. The amounts due under this lease are as follows:

	Land and Buildings 2019 $'000	2018 $'000
Amounts due within one year	193	194
In two to five years	–	192

9 Contingent liabilities

At 31 December 2019 there is a contingent liability of $112,000 (£85,000) to Effra for services provided (2018: $108,000). The Company disputes this claim, and no legal action has commenced.

10 Capital commitments and undrawn borrowings

There were no capital commitments at 31 December 2019 or at 31 December 2018. At 31 December 2019 there were no committed undrawn loan facilities (2018: an undrawn partially convertible loan facility of $12 million).

Notes to the Financial Statements continued

For the year ended 31 December 2019

11 Related party transactions

At 31 December 2019 the following amounts were due to directors:

	Net salary	Expenses	Accrued salary
31 December 2019			
O Kuti	–	–	186,249
J Pryde	–	–	349,644
T Hayward	–	1,954	–
S Hawkins	–	871	–
31 December 2018			
O Kuti	41,282	2,371	179,891
J Pryde	75,295	4,401	337,706
M Henderson	14,882	5,206	–
C Neal	22,799	4,191	–
T Hayward	6,041	3,181	–
S Hawkins	7,592	415	–

During the year, the Company made loans of $276,854 (2018: $360,936) to Sirius Taglient Petro Limited (a subsidiary undertaking) for cash advances to cover operating expenses and invoices paid on their behalf. At 31 December 2019, Sirius was owed $4,318,930 (2018: $4,042,076) from Sirius Taglient Petro Limited, which has been provided for in full.

The Company has taken advantage of the exemption under FRS 102 to not disclose transactions with wholly owned group companies.

12 Employee remuneration

The expense recognised for employee benefits, including the Directors' emoluments, is analysed below:

	2019 $'000	2018 $'000
Wages and salaries	1,036	948
Social security	126	114
Share-based payments	514	1,469
Benefits in kind	54	35
	1,730	2,566

The Directors are the Key Management Personnel of the Group. The remuneration of the highest paid employee was $230,131 (2018: $223,697).

Notes to the Financial Statements continued

For the year ended 31 December 2019

12 Employee remuneration continued

The average number of employees during the year was:

	2019 No.	2018 No.
Directors	6	6
Other	4	2
	10	8

13 Subsequent events

On 7 November 2020 we were pleased to announce our agreement with Anglo Tunisia Oil and Gas Limited, details of which are set out in the Chairman's Statement.

Shareholder Notes

Printed by Michael Searle & Son Limited

www.siriuspetroleum.com