

18 September 2017

## **Sirius Petroleum Plc.**

("Sirius" or the "Company")

### **Half Year Report**

for the six month period ended 30 June 2017

Sirius Petroleum (AIM:SRSP), the investing Company focused on oil and gas development and production opportunities in Nigeria, announces its interim results for the six month period ended 30 June 2017.

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#### **Half Year Report**

##### **Highlights**

- Sirius undertook a Seabed Survey around the Ororo field licence area. This activity is a geophysical and geotechnical marine survey, ahead of the rig mobilisation, which will provide data and analysis for the rig positioning prior to drilling and assess any marine geohazards to ensure safe operations and transportation of equipment. Following the analysis of the bathymetry results from the Seabed Survey, COSL Drilling Pan-Pacific Limited ("COSL") confirmed and identified the "COSL Power" as the Jack-up rig which will be utilised for Ororo field.
- The Company appointed Peter Gregory as Chief Operating Officer ("COO") with primary responsibility for all operational areas of the Ororo field.
- Sirius arranged for the provision of Offshore Service Vessels ("OSVs") through Tidewater Marine International, Inc, with the signing of an OSV Contract.
- The Company raised a further £2 million (\$2.5 million) by way of a placing at 0.75p per share and a further £70,000 (\$88,000) in loans, which were converted into shares at 0.5p. These funds were mainly required to pay the initial deposits on key equipment and long lead items and to cancel a loan agreement with Calvet International Limited.
- Since the period end the Company has entered into a US\$10 million revolving pre-payment facility and commercial offtake agreement in respect to the sales of the crude produced from the Ororo Field, with BP Oil International, a subsidiary of BP.
- On 16 August the Company announced that a Joint Operating Agreement had now been signed by Sirius and its partners for the development of the Ororo Field ("JOA"). The JOA enables Sirius to transition from an investing company to an operating company and as such Sirius is required under the AIM Rules for Companies to seek shareholder approval and re-admission of its ordinary shares

to trading on AIM pursuant to AIM Rule 14. Sirius requested a Temporary Suspension in the trading of its Ordinary Shares pending the publication of an Admission Document containing a notice of General Meeting.

## **Results**

The interim results for the six month period ended 30 June 2017 reflect the costs incurred during the period to continue our evaluation and planning work on the Ororo Field, in collaboration with our Technical Advisors, and our Nigerian partners, Owena Oil & Gas Limited and Guarantee Petroleum Company Limited, and our London and Nigerian operations as we progress our Project Funding discussions in relation to drilling the Ororo-2 well.

The operating loss in the half year amounted to \$963,000, an increase of \$265,000 on the six months to 30 June 2016 operating loss of \$698,000 (year to 31 December 2016: \$1,378,000) giving a loss per share of 0.04 cents (30 June 2016: 0.04 cents loss per share, 31 December 2016: 0.11 cents loss per share).

## **Financing**

During the period the Company issued 266,666,667 new ordinary shares at 0.75p each, raising £2,000,000 before expenses, repaid a loan of £70,000 through the issue of 14,000,000 new ordinary shares at 0.5p each and settled fees of £25,000 through the issue of 3,333,333 new ordinary shares at 0.75p each.

## **Outlook**

Further to our recent announcements regarding our pre-payment facility and signing of the JOA, we are in the process of preparing an Admission Document and Notice of General Meeting which will be sent to shareholders in due course. Following our re-admission to AIM we are confident that we will be in a position to commence the development of the Ororo Field.

## **Annual General Meeting**

Details of the Annual General Meeting will be sent separately to shareholders in due course and an announcement will be made when this has been done.

Jack Pryde

Chairman

18 September 2017

**SIRIUS PETROLEUM PLC**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 JUNE 2017**

	<i>Note</i>	<b>Unaudited Period ended 30 June 2017</b>	Unaudited Period ended 30 June 2016	Audited Year ended 31 December 2016
		<b>US\$'000</b>	US\$'000	US\$'000
Other income		<b>33</b>	36	69
Other administrative expenses		<b>(996)</b>	(734)	(1,447)
Total administrative expenses		<b>(996)</b>	(734)	(1,447)
<b>Loss from operations</b>		<b>(963)</b>	(698)	(1,378)
Finance costs		<b>(29)</b>	(4)	(794)
<b>Loss before taxation</b>		<b>(992)</b>	(702)	(2,172)
Taxation	2	-	-	-
<b>Loss after taxation and loss attributable to the equity holders of the Company</b>		<b>(992)</b>	(702)	(2,172)
<b>Other comprehensive income</b>				
Exchange differences on translating foreign operations		<b>(13)</b>	(5)	37
<b>Total comprehensive loss for the period/year</b>		<b>(1,005)</b>	(707)	(2,135)
<b>Loss per share</b>				
Total basic and diluted (cents per share)	3	<b>(0.04)</b>	(0.04)	(0.11)

**SIRIUS PETROLEUM PLC**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 JUNE 2017**

	Share capital	Share premium account	Share-based payment reserve	Other reserves	Exchange reserve	Retained earnings	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Balance at 1 January 2016</b>	7,144	25,252	7,225	-	(266)	(39,400)	(45)
Issue of share capital	597	120	-	-	-	-	717
Share issue costs	-	(51)	-	-	-	-	(51)
<b>Transactions with owners</b>	<b>597</b>	<b>69</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>666</b>
Loss for the period	-	-	-	-	-	(702)	(702)
Other comprehensive loss for the period	-	-	-	-	(5)	-	(5)
<b>Balance at 30 June 2016</b>	<b>7,741</b>	<b>25,321</b>	<b>7,225</b>	<b>-</b>	<b>(271)</b>	<b>(40,102)</b>	<b>(86)</b>
Share issue	1,186	528	-	-	-	-	1,714
Share issue costs	-	(100)	-	-	-	-	(100)
Transfer on lapse of share options/warrants	-	-	(4,629)	-	-	4,629	-
Issue of loan fees equity instruments	-	-	-	11	-	-	11
<b>Transactions with owners</b>	<b>1,186</b>	<b>428</b>	<b>(4,629)</b>	<b>11</b>	<b>-</b>	<b>4,629</b>	<b>1,625</b>
Loss for the period	-	-	-	-	-	(1,470)	(1,470)
Other comprehensive income for the period	-	-	-	-	42	-	42
<b>Balance at 31 December 2016</b>	<b>8,927</b>	<b>25,749</b>	<b>2,596</b>	<b>11</b>	<b>(229)</b>	<b>(36,943)</b>	<b>111</b>
Issue of share capital	886	1,728	-	-	-	-	2,614
Share issue costs	-	(140)	-	-	-	-	(140)
<b>Transactions with owners</b>	<b>886</b>	<b>1,588</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,474</b>
Loss for the period	-	-	-	-	-	(992)	(992)
Other comprehensive loss for the period	-	-	-	-	(13)	-	(13)
<b>Balance at 30 June 2017</b>	<b>9,813</b>	<b>27,337</b>	<b>2,596</b>	<b>11</b>	<b>(242)</b>	<b>(37,935)</b>	<b>1,580</b>

SIRIUS PETROLEUM PLC  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2017

		Unaudited 30 June 2017	Unaudited 30 June 2016	Audited 31 December 2016
<b>Assets</b>	<i>Note</i>	<b>US\$'000</b>	US\$'000	US\$'000
<b>Non-current</b>				
Intangible exploration and evaluation assets	4	<b>6,901</b>	3,950	4,643
Property, plant and equipment		<b>17</b>	25	20
		<b>6,918</b>	3,975	4,663
<b>Current</b>				
Cash and cash equivalents		<b>259</b>	111	830
Trade and other receivables	5	<b>118</b>	60	165
<b>Total current assets</b>		<b>377</b>	171	995
<b>Total assets</b>		<b>7,295</b>	4,146	5,658
<b>Liabilities</b>				
<b>Current</b>				
Trade and other payables	6	<b>4,506</b>	3,727	4,440
Loans payable		<b>1,209</b>	505	1,107
<b>Total liabilities</b>		<b>5,715</b>	4,232	5,547
<b>Equity</b>				
Issued share capital	7	<b>9,813</b>	7,741	8,927
Share premium		<b>27,337</b>	25,321	25,749
Share based payment reserve		<b>2,596</b>	7,225	2,596
Other reserve		<b>11</b>	-	11
Exchange reserve		<b>(242)</b>	(271)	(229)
Retained earnings		<b>(37,935)</b>	(40,102)	(36,943)
<b>Equity attributable to owners of the company</b>		<b>1,580</b>	(86)	111
<b>Total equity and liabilities</b>		<b>7,295</b>	4,146	5,658

SIRIUS PETROLEUM PLC  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 30 JUNE 2017

	Unaudited Period ended	Unaudited Period ended	Audited Year ended
	30 June 2017	30 June 2016	31 December 2016
	US\$'000	US\$'000	US\$'000
<b>Operating activities</b>			
Loss after tax	(992)	(702)	(2,172)
Depreciation	3	4	6
Finance cost	29	4	794
Decrease/(increase) in trade and other receivables	106	49	(183)
Increase/(decrease) in trade and other payables	102	164	(8)
<b>Net cash (outflow) from operating activities</b>	<b>(752)</b>	<b>(481)</b>	<b>(1,563)</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	(1)	-	-
Investment in intangibles	(2,258)	(266)	(781)
<b>Net cash (outflow) from investing activities</b>	<b>(2,259)</b>	<b>(266)</b>	<b>(781)</b>
<b>Financing activities</b>			
Proceeds from issue of share capital	2,494	717	2,431
Share issue costs	(109)	(51)	(151)
Finance cost	-	-	(138)
Loans repaid	-	-	(125)
Loans received	88	36	830
<b>Net cash inflow from financing activities</b>	<b>2,473</b>	<b>702</b>	<b>2,847</b>
<b>Net change in cash and cash equivalents</b>	<b>(538)</b>	<b>(45)</b>	<b>503</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>830</b>	<b>45</b>	<b>45</b>
<b>Exchange difference on cash and cash equivalents</b>	<b>(33)</b>	<b>111</b>	<b>282</b>
<b>Cash and cash equivalents at end of period</b>	<b>259</b>	<b>111</b>	<b>830</b>

# **SIRIUS PETROLEUM PLC**

## **NOTES TO THE INTERIM REPORT**

### **FOR THE PERIOD ENDED 30 JUNE 2016**

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the year ended 31 December 2016 have been completed and filed at Companies House. The auditor's report on the annual financial statements was unqualified and did not contain statements under section 498(2) or section 498(3) of the Companies Act 2006, but did contain an emphasis of matter in respect of going concern

#### **1. ACCOUNTING POLICIES**

##### **Basis of preparation**

The Company's ordinary shares are quoted on the AIM market of the London Stock Exchange and the Company applies the Companies Act 2006 when preparing its annual financial statements.

The annual financial statements for the year ending 31 December 2017 will be prepared under International Financial Reporting Standards as adopted by the European Union (IFRS) and the principal accounting policies adopted remain unchanged from those adopted in preparing its financial statements for the year ended 31 December 2016.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these condensed consolidated interim financial statements.

##### **Going concern**

The directors have prepared cash flow projections through to 30 September 2018. These projections take into account the BP pre-payment facility and assume that the Group will conclude its negotiations to raise the remaining funds required to bring the Ororo Field into production. These projections forecast revenue streams and costs based on the Competent Person's Report produced, and demonstrate the total funding level required.

The cash flow projections indicate that the Group has sufficient headroom to meet its immediate working capital requirements. The directors are in discussions with a number of parties and are confident that they will be able to raise the funds required to commence production. On the basis of the assumptions above and following a detailed review by the directors of the Group's cash flow forecast, the directors believe that the Group will have sufficient cash resources to meet its liabilities as they fall due for a period of at least 12 months.

##### **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 Executive Officer to make decisions about the allocation of resources and assessment of performance and about which discrete financial information is available.

The Chief Executive Officer reviews financial information for and makes decisions about the Group's performance as a whole, as the Group has not generated revenue during the period.

Subject to further acquisitions and the future development of the business in Nigeria the Group expects to further review its segmental information during the forthcoming financial year.

##### **Fees and Loans Settled in Shares**

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

## 2. TAXATION

No tax is due for the period as the Company has made a taxable loss. The Directors expect these losses to be available to offset against future taxable trading profits. The Group has not recognised any deferred tax asset at 30 June 2017 (30 June and 31 December 2016: £nil) in respect of these losses on the grounds that it is uncertain when taxable profits will be generated by the Group to utilise any such losses.

## 3. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period. The impact of the options and warrants on the loss per share is anti-dilutive.

	<b>Unaudited six months ended 30 June 2017</b>	Unaudited six months ended 30 June 2016	Audited year ended 31 December 2016
Loss on ordinary activities after tax (\$'000)	<u>(992)</u>	<u>(702)</u>	<u>(2,172)</u>
Weighted average number of shares for calculating basic loss per share	<u>2,460,957,699</u>	<u>1,817,516,702</u>	<u>1,945,424,787</u>
<b>Basic and diluted loss per share (US cents)</b>	<u>(0.04)</u>	<u>(0.04)</u>	<u>(0.11)</u>

## 4. INTANGIBLE EXPLORATION AND EVALUATION ASSETS

### Cost of oil and gas exploration – pending determination

	US\$'000
<b>Cost</b>	
<b>At 1 January 2015</b>	<b>3,862</b>
Additions	266
Exchange difference	(178)
<b>At 30 June 2016</b>	<b>3,950</b>
Additions	515
Exchange difference	178
<b>At 31 December 2016</b>	<b>4,643</b>
Additions	2,258
<b>At 30 June 2017</b>	<u><b>6,901</b></u>
<b>Amortisation and impairment</b>	
At 1 January 2015, 30 June 2016, 31 December 2016 and 30 June 2017	<u>-</u>



<b>Net book value at 30 June 2017</b>	<b>6,901</b>
Net book value at 31 December 2016	4,643
Net book value at 30 June 2016	3,950

During the year ended 31 December 2011 Sirius Ororo OML95 Limited entered into an agreement with Guarantee Petroleum Company Limited and Owena Oil and 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 operation of the well. At the time of signing the agreement, the Directors considered the fair value of the liability in respect of the additional \$500,000 payable. Based on an assessment of how likely it would be that this would be paid discounted at 15%, the Directors considered the amount to be immaterial and did not, therefore, recognise a liability at that time.

At 31 December 2012, the Directors reassessed their estimate of the future cash flows in accordance with the Group's accounting policies. Following the additional work as noted below and the completion of the feasibility report along with the ongoing funding negotiations, the Directors were confident of commencement of the operation of the well. As a result, this liability was now expected to become payable. At 31 December 2016 the Directors reviewed the assumptions made and considered that the liability should now be provided in full as it is expected to be paid in 2017, therefore, the carrying value of the liability has been assessed at \$500,000 and is included in other payables (30 June 2016: \$318,000, 31 December 2016: \$500,000).

The Group has undertaken certain works including commissioning the preparation of a Competent Person's Report and has conducted an environmental impact assessment. It has also commenced planning appropriate community projects and site surveys to finalise the subsequent drilling programme and will also cover certain operational costs related to the field. 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 Company 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. 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.

## 5. TRADE AND OTHER RECEIVABLES

	Unaudited 30 June 2017 US\$'000	Unaudited 30 June 2016 US\$'000	Audited 31 December 2016 US\$'000
Trade receivables	-	8	-
Other receivables	66	26	139
Prepayments and accrued income	52	26	26
Total	<b>118</b>	<b>60</b>	<b>165</b>

Trade and other receivables are usually due within 30 - 60 days and do not bear any effective interest rate. The fair value of these short term financial assets is not individually determined as the carrying amount is a reasonable approximation of fair value.

## 6. TRADE AND OTHER PAYABLES

	Unaudited 30 June 2017 US\$'000	Unaudited 30 June 2016 US\$'000	Audited 31 December 2016 US\$'000
Trade payables	1,022	475	395
Other payables	611	354	573
Accruals	2,873	2,898	3,472
Total	<u>4,506</u>	<u>3,727</u>	<u>4,440</u>

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

## 7. SHARE CAPITAL

The movement in ordinary shares and share premium in the period was as follows:

	Number	Nominal amount (USD \$'000)	Share premium (USD \$'000)
As at 31 December 2015	1,721,362,856	7,144	25,252
Shares issued for cash	166,666,667	597	120
Share issue costs	-	-	(51)
<b>At 30 June 2016</b>	<u>1,888,029,523</u>	<u>7,741</u>	<u>25,321</u>
Shares issued for fees due			
Shares issued for cash	370,000,000	1,186	528
Share issue costs	-	-	(100)
<b>At 31 December 2016</b>	<u>2,258,029,523</u>	<u>8,927</u>	<u>25,749</u>
Shares issued for cash	266,666,666	832	1,663
Loan repayments	14,000,000	44	44
Fees paid in shares	3,333,333	10	21
Share issue costs	-	-	(140)
<b>At 30 June 2017</b>	<u>2,542,029,522</u>	<u>9,813</u>	<u>27,337</u>

## 8. POST BALANCE SHEET EVENTS

On 14 August 2017, the Company announced that it has entered into a US\$10m revolving pre-payment facility ("Agreement") and commercial offtake agreement in respect to the sales of the crude produced from the Ororo Field, with BP Oil International, a subsidiary of BP. The Agreement provides for the Company to draw down up to US\$10 million, in pre-payment finance following commencement of production from the Ororo Field.

On 16 August 2017, the Company announced that a Joint Operating Agreement has now been signed by Sirius and its partners for the development of the Ororo Field ("JOA"). The JOA enables Sirius to transition from an investing company to an operating company and as such Sirius is required under the AIM Rules for Companies to seek shareholder approval and re-admission of its ordinary shares to trading on AIM pursuant to AIM Rule 14. Sirius requested a Temporary Suspension in the trading of its Ordinary Shares pending the publication of an Admission Document containing a notice of General Meeting.