15 May 2018

Sirius Petroleum Plc

("Sirius" or "the Company")

Final Results
For the year ended 31 December 2017

Sirius Petroleum (AIM: SRSP), the Nigeria focused oil and gas exploration and development company, announces audited Final results for the twelve-month period ended 31 December 2017.

Highlights

- Sirius entered into a Joint Operation Agreement ('JOA') on the Ororo Field enabling the Company to transition from an investing company into an operating company
  - New equity issued by the Company totaling 723,700,000 new Ordinary Shares raising gross proceeds of approximately US$9.5 million at a price of 1 pence per share – finally ratified by shareholders in December 2017.
  - In addition, a Convertible Loan Facility of US$12 million was entered into carrying a coupon of LIBOR plus 6.5 per cent. and partially convertible at a 50 per cent premium to the Issue Price of the Placing.
  - The combined proceeds of the new capital and the commitments of the Company's commercial partners under previously announced Commercial Agreements provide the combined resources to the Company to drill the Ororo-2 well and bring it into production in accordance with the Ororo JOA.
- In Q4 the Company commenced discussions and due diligence with REYL & Co (UK) LLP, part of the Swiss banking group REYL et Cie, which has CHF 13bn AUM, to structure a contingent liquidity facility of up to US$100 million which would be backed by the securitisation of receipts under the BP Prepayment and Offtake Agreement.
- Sirius confirmed that as part of its strategy and on confirmation that the Ororo-2 well production rates of the hydrocarbon reservoirs are in line with those estimated in the Competent Persons Report ("CPR") on the asset, and conditional on the Company securing further financing, by way of the non-dilutive REYL facility, the Company will undertake a multi well campaign to fully develop the Ororo Field, involving the drilling of up to four further wells and the installation of permanent production, processing and pipeline facilities at the Field.
- Sirius entered into a Prepayment and Offtake Agreement with BP in July 2017:
  - BP will provide a prepayment facility for a fixed volume of Escravos Blend crude deliveries by prepaying an amount of up to US$10 million per cargo to Sirius.
  - The availability of the prepayment facility is conditional upon, among other things, the Ororo Field achieving certain daily production levels.

The Annual General Meeting will be held at 10.00 am on Thursday, 14 June 2018 at the offices of Fladgate LLP, 16 Great Queen Street, London, WC2B 5DG. A Notice convening the meeting along with the 2017 Annual Report will be sent to shareholders shortly and will also be available for download from the Company's website: www.siriuspetroleum.com

Bobo Kuti, CEO of Sirius, said: "The end of 2017 marked a milestone for the Company including the financial resources to commence the development phase of the Ororo Field, the Company's first offshore marginal field oil and gas asset and as a consequence, since the 2017 year end, the Group has undergone both a financial and operational transformation.

"The prevailing oil price has also resulted in a substantial uplift in the underlying value of the Ororo Field and according to the Ororo CPR produced by Rockflow and set out in the Company's Admission Document, it is estimated that the Ororo-2 well will initially produce approximately 2,700bopd of light oil and 6mmcfd of gas. Rockflow estimates that the Ororo asset has a Mid Case Net Present Value to Sirius (NPV10) of $96.1m, based on a $65 per barrel flat real oil price for the life of the field.

"During 2018 the Group commenced a range of work streams with its operational partners: Add Energy, Schlumberger and COSL which included additional technical work such as the developing the Mechanical Earth Model with the team at Schlumberger in order to optimize the drilling program on Ororo-2 and Ororo-3. The rig identification has been made in preparation for final mobilization and continued equipment requisitions such as the Compact Well Head Systems for Ororo-2 and Ororo-3 and more recently for Ororo-4 and Ororo-5."

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Chairman and CEO Statement

The Group achieved the major milestone during the Summer of 2017 by announcing that it had entered into the Joint Operating Agreement in respect of the Ororo Field, offshore Nigeria, and subsequent to that event it had successfully raised new equity funding and debt facilities to support the next stage of the Group's development into an oil and gas exploration and development company, which was ratified by shareholders in December of 2017.

Financial Summmary

The loss after tax was $2,269,000 in 2017 from $2,172,000 in 2016, with administrative expenses of $1,741,000. Total assets were $18,594,000 in 2017 (2016: $5,658,000), with liabilities of $6,573,000 (2016: $5,547,000) and total equity was $12,021,000.

During the first half of the year the Group 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.

Group Strategy and the Ororo Field Development

The Board continues to seek to farm into or acquire high quality assets located in major producing complexes and during the period and into the current year has continued with a range of discussions to farm into a number of opportunities, leveraging on the Group's operational status and the commercial arrangements with its range of partners.

The development of the Ororo Field is entirely in line with the Group's strategy to target proven opportunities and maximize hydrocarbon production and recovery through the acquisition of discovered assets in Nigeria, with a particular focus on shallow water offshore areas and realise upside potential through appraisal activities.

The Ororo Field is located within OML 95 in the Niger Delta, offshore Nigeria, in the western part of the prolific Niger Delta petroleum system. It lies in shallow waters offshore Ondo State in water depths ranging between 23ft and 27ft. The field is adjacent to the Mina, West Isan, Ewan, Eko and Parabe fields, all of which are operated by Chevron.

The Ororo Field was discovered in OML 95 by Gulf Oil Company of Nigeria (Chevron) and NNPC in 1986 with the drilling of Ororo1. Hydrocarbons were discovered in seven sandstone reservoirs (D1 to D5, F and G) in Ororo1. Four of the reservoirs were tested, two produced oil (D3 and G) and two produced gas condensate (D4 and D5).

The Ororo Field was not developed by Chevron and was designated a marginal field by the DPR on 27 August 2001. Under the 2003 Marginal Fields Allocation Round, the Ororo Field was awarded to Guarantee (55 per cent. interest) and Owena (45 per cent. interest). Under the marginal field terms, the marginal field remains part of OML 95, but is contractually ringfenced under the Farmout Agreement to Guarantee and Owena, who are then entitled to perform petroleum operations as the farmee. NNPC and Chevron as holders of the licence to OML 95 entered into the Farmout Agreement with Guarantee and Owena in March 2004, which transferred production rights to Guarantee and Owena, as the farmee, in consideration of the grant of an overriding royalty from production from the Ororo Field.

The Farmout Agreement was initially entered into for a term of 60 months. The DPR, however, has extended the Ororo Field licence beyond its original term, and the licence is now due to expire on 1 May 2019 if the field has not been developed by that date. The term of the Farmout Agreement was, accordingly, also extended.

During 2018, the Group's aim is to commence an initial programme of two wells, Ororo-2 and Ororo-3, drilled back-to-back and access the contingent oil and gas resources in the Ororo field. The programme envisages deploying an early production scheme via extended well test and it is estimated that Ororo-2 will deliver initial production of approximately 2,700bopd.

Development of the Ororo Field

During the year the Group 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

Ororo-2 Well

The Ororo-2 well is planned to penetrate all of the D sands with the top three sands (D1, D2 and D3) being sampled and pressure tested. The objectives of the tests are to determine GOCs, the pressure regimes, fluid compositions, and insitu gasoil ratios to gain confidence for the full field development.

In its CPR, Rockflow Resources Limited ("Rockflow")`x` has estimated that the Ororo-2 well will target a total Stocktank Oil Initially in Place (STOIIP) of 2.98 mmbbls in the G sands within the Ororo Field (at a midcase scenario). Drilling of the Ororo-2 well is expected to take approximately 45 days from mobilisation of the drilling rig to the Ororo-2 site.

During the Extended Well Testing ("EWT") phase, the Ororo-2 well is expected to initially produce into a temporary well test production facility mounted on a barge. Hydrocarbon production is expected to be treated (degassing and dehydration) to standard specifications for shuttle tanker transportation via the production facility and barge. Separate oil storage capacity is expected to be provided on the barge to store up to 10 days' production (approximately 50,000 bbls).

The EWT flow rate is anticipated to be a maximum of 10,000 bopd oil and up to 15 MMscfd of associated gas. The separators and the heater are expected to be sized to handle 15,000 bopd of gross liquids and 25 MMscfd gas. Gas from the Ororo-2 well fluids is expected to be separated and treated in a purpose built gas processing train to meet export specifications. It is proposed to install the oil and gas processing as well as oil storage facilities on a host facility installed on a barge. Oil is then expected to be transferred to a shuttle tanker for onward transport and offloading at the Chevron operated Escravos Terminal as per the BP Prepayment and Offtake Agreement. It is planned to install an 8 inch diameter x 5 km pipeline for export of 6.0 MMscfd gas to the Parabe field, with flaring as a fall back option.

Proposed Ororo-3 well and EWT

As already stated in the Admission document sent to shareholders in November 2017, following completion of the Ororo-2 well and conditional on further funding being obtained, the Ororo-2 drilling rig is intended to proceed to drill the Ororo-3 well, which is proposed to target the D sand reservoir sequence.

The D sands were flow tested by Chevron in the 1986 Ororo-1 well and the results of Ororo-1 DST (Drill Stem Test) program recovered 36° API oil at a rate of 624 bopd from the D3 sands. The CPR estimates that the highest oil production rates could be achieved from the D1 sands which could deliver an initial combined rate from a two bore multilateral well of 4,781 bopd. Therefore, the D1 may be considered as a target for Ororo-3 if oil is recovered from this reservoir in Ororo-2. Currently, however, the Ororo-3 well is planned to target the D3 sands which holds a P50 STOIIP of 10.18 mmbbls as it was proven to flow oil on test.

Drilling of the Ororo-3 well is expected to take approximately 30-45 days following completion of the Ororo-2 well, the well is proposed to be put on early production via an EWT along with hydrocarbons produced from the Ororo-2 well.

If the fluid results in the above wells for the D1 and D2 sands are positive, two further wells, Ororo-4 and Ororo-5, targeting these sands may be drilled as the second phase of the EWT. If such further wells are drilled, their planning and design will require geophysical and geological analysis of new data gathered from the Ororo-2 and Ororo-3 wells.

Corporate and Social Responsibility Statement

Sirius Petroleum aims to have a positive relationship with the host communities and stakeholders within our areas of operations and the society at large. We are committed to ensure that we minimise the impact our operations have on the environment and strictly adhere to industry best practices.

Our Corporate Social Responsibility (CSR) focus areas are Health and Safety (Environment) and Community Development (Education, Welfare and Empowerment); we are presently working on the best strategies to implement these and ensure optimum reach.

Board and Management Team

Sirius was delighted to welcome three new Board Directors following the General Meeting held on 18 December with S Hawkins and T Hayward joining the Board as Non-Executive Directors and M Henderson as Chief Financial Officer.

In October 2017 it was with great sadness that Sirius announced that Peter Gregory, Chief Operating Officer had died suddenly. Peter was appointed Chief Operating Officer of the Group on 12 April 2017, and whilst he was not a member of the main Board he was a much valued and admired member of the Sirius team and he was instrumental in creating the operational foundations for the Ororo drilling programme.

In December 2017 Sirius announced the appointment of Dermot O'Keeffe as Interim COO, with primary responsibility for all operational areas of the Ororo field development, a role which he had fulfilled on an acting basis.

Annual General Meeting

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Current trading and outlook

Clearly since the 2017 year end the Group has undergone both a financial and operational transformation, with the completion of the successful fund raising, a range of shore-based work streams have been commenced in association with the Group's operational partners in Schlumberger, Add Energy and COSL.

The prevailing oil price has also resulted in a substantial uplift in the underlying value of the Ororo Field and according to the Ororo CPR produced by Rockflow and set out in the Company's admission document, it is estimated that the Ororo-2 well will initially produce approximately 2,700bopd of light oil and 6mmcfd of gas. Rockflow estimates that the Ororo asset has a Mid Case Net Present Value to Sirius (NPV10) of $96.1m, based on a $65 per barrel flat real oil price for the life of the field.

During 2018 the Group commenced a range of work streams with its operational partners: Add Energy, Schlumberger and COSL which included additional technical work such as the developing the Mechanical Earth Model with the team at Schlumberger in order to optimize the drilling program on Ororo-2 and Ororo-3. The rig identification has been made in preparation for final mobilization and continued equipment requisitions such as the Compact Well Head Systems for Ororo-2 and Ororo-3 and more recently for Ororo-4 and Ororo-5.

J Pryde
Chairman
14 May 2018

STRATEGIC REPORT
For the Year ended 31 December 2017

Business review

The results of the Group are shown below. The Directors do not recommend the payment of a dividend.

The results represent the costs of developing our strategy and reviewing interests in both potential oil and gas blocks and individual marginal field opportunities. Total comprehensive loss for the year amounted to $2,305,000 (2016: $2,135,000). Finance costs in 2017 were: $122,000 (2016: $794,000).

Sirius has not issued any new ordinary shares since the year end and has 3,555,965,801 shares in issue. Sirius does not hold any shares in treasury and, hence, the total number of voting rights in the Company is 3,555,965,801. This figure may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company under the Financial Conduct Authority's Disclosure and Transparency Rules.

Aims and objectives

The Group's core corporate strategy is to work alongside financial and technical industry partners on a joint farm-in basis to exploit larger oil blocks (typically, marginal fields that have flowed oil in the past) in Nigeria, and our objective for 2018 is to commence the drilling programme on the Group's first marginal field, the Ororo Field, located in OML95.

Key Performance Indicators

At this stage in the Group's development, the key performance indicator is the loss after tax. As the Group has not undertaken any trade in the year it has no other key financial or non-financial performance indicators. This will be reviewed in the forthcoming year.

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 2017 relate to political risks in respect of the situation in Nigeria and strategic risks associated with the growth of the organisation and the economic climate.

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.

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.

Going concern

The Directors have prepared cash flow projections for the period up to 30 June 2019. The cash flow assumes full development of the Ororo field and forecast revenue streams based upon the Competent Person's Report produced. The cash flow shows a requirement for short term borrowings of $32 million, and the Group has put in place borrowing facilities to cover this amount. The projections demonstrate that the Group 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.

Fundraising

The Group has the financial resources in place to bring the Ororo Field into production. Following completion of the Ororo-2 well and conditional on further funding being obtained, Sirius intends to proceed to drill the Ororo-3 well, which is proposed to target the D sand reservoir sequence.

Future prospects

The Board is pleased with the progress made during 2017, and anticipates being in a position to commence the extraction of hydrocarbons from the Ororo Field in the current year.

The Board also continues to review additional asset opportunities, as well as distressed producing opportunities, that require funding.

The Chairman and CEO statement is an integral part of the strategic report.

O Kuti
Chief Executive Officer
14 May 2018

PRINCIPAL ACCOUNTING POLICIES

For the year ending 31 December 2017

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 are listed on the AIM market of the London Stock Exchange. Separate financial statements of Sirius Petroleum plc (the Company) have been prepared.

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

GOING CONCERN

The Directors have prepared cash flow projections for the period up to 30 June 2019. The cash flow assumes full development of the Ororo field and forecast revenue streams based upon the Competent Person's Report produced. The cash flow shows a requirement for short term borrowings of $32 million, and the Group has put in place borrowing facilities to cover this amount. The projections demonstrate that the Group 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.

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.

SIRIUS PETROLEUM PLC
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2017

	Notes	**Year ended 2017 $'000**	Year ended 2016 $'000
Other income		**59**	69
Share based payments		**(465)**	-
Other administrative expenses	*1*	**(1,741)**	**(1,447)**
Total administrative expenses		**(2,206)**	(1,447)
Loss from operations		**(2,147)**	(1,378)
Finance cost		**(122)**	(794)
Loss before and after taxation, and loss attributable to the equity holders of the Company	***3***	**(2,269)**	(2,172)
Other comprehensive loss			
Items that are or may be reclassified subsequently to profit and loss			
Exchange differences on translating foreign operations		**(36)**	37
Other comprehensive loss for the period, net of tax		**(36)**	37
Total comprehensive loss for the year, attributable to owners of the company		**(2,305)**	(2,135)
Total loss per ordinary share			
Basic and diluted loss per share (cents)	*3*	**(0.09)**	(0.11)

All of the activities of the Group are classed as continuing

SIRIUS PETROLEUM PLC
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2017

	Share capital	Share premium	Share based payment reserve	Other reserves	Exchange reserve	Retained earnings	Total equity
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 January 2016	7,144	25,252	7,225	-	(266)	(39,400)	(45)
Share issue	1,783	648	-	-	-	-	2,431
Share issue costs	-	(151)	-	-	-	-	(151)
Transfer on lapse of share options/warrants	-	-	(4,629)	-	-	4,629	-
Issue of loan fees equity instruments (note 5)	-	-	-	11	-	-	11
Transactions with owners	1,783	497	(4,629)	11	-	4,629	2,291
Exchange difference on translating foreign operations	-	-	-	-	37	-	37
Loss for the year	-	-	-	-	-	(2,172)	(2,172)
Total comprehensive loss for the year	-	-	-	-	37	(2,172)	(2,135)
Balance at 31 December 2016	8,927	25,749	2,596	11	(229)	(36,943)	111
Share based payments	-	-	465	-	-	-	465
Share issue	4,283	10,075	-	-	-	-	14,358
Share issue costs	-	(608)	-	-	-	-	(608)
Transfer on lapse of share options/warrants	-	-	(339)	-	-	339	-
Transfer on repayment of loan fees equity instruments (note 5)	-	-	-	(11)	-	11	-
Transactions with owners	4,283	9,467	126	(11)	-	350	14,215
Exchange difference on translating foreign operations	-	-	-	-	(36)	-	(36)
Loss for the year	-	-	-	-	-	(2,269)	(2,269)
Total comprehensive loss for the year	-	-	-	-	(36)	(2,269)	(2,305)
Balance at 31 December 2017	**13,210**	**35,216**	**2,722**	**-**	**(265)**	**(38,862)**	**12,021**

SIRIUS PETROLEUM PLC
STATEMENT OF FINANCIAL POSITION
Aa at 31 December 2017

		31 December 2017	31 December 2016
ASSETS	**Notes**	**$'000**	$'000
Non-current assets			
Intangible exploration and evaluation assets	*4*	**10,554**	4,643
Property, plant and equipment		**13**	20
	1	**10,567**	4,663
Current assets			
Cash and cash equivalents		**4,014**	830
Trade and other receivables		**4,013**	165
Total current assets		**8,027**	995
Total assets		**18,594**	5,658
LIABILITIES			
Current liabilities			
Trade and other payables		**6,236**	4,440
Loans payable	*5*	**337**	1,107
Total liabilities		**6,573**	5,547
EQUITY			
Share capital	*6*	**13,210**	8,927
Share premium		**35,216**	25,749
Share-based payment reserve		**2,722**	2,596
Other reserves		**-**	11
Exchange reserve		**(265)**	(229)
Retained earnings		**(38,862)**	(36,943)
Equity attributable to equity holders of the Company		**12,021**	111
Total equity and liabilities		**18,594**	5,658

The consolidated financial statements were approved by the Board and authorised for issue on 14 May 2018. The Company only’s loss for the year was $8,364,000 (year ended 31 December 2016: $2,644,000).

O Kuti
Director
14 May 2018

SIRIUS PETROLEUM PLC
CASHFLOW STATEMENT
For the year ended 31 December 2017

	Year ended 31 December 2017	Year ended 31 December 2016
	$'000	$'000
Cash flow from operating activities		
Continuing operations		
Loss after taxation	**(2,269)**	(2,172)
Depreciation	**6**	6
Finance cost	**122**	794
Decrease in trade and other receivables	**(879)**	(183)
Equity settled share-based payments	**465**	-
Expenses settled in shares	**680**	-
Decrease in trade and other payables	**(440)**	(8)
Net cash outflow from operating activities from continuing operations	**(2,315)**	(1,563)
Cash flows from investing activities		
Investment in intangibles	**(3,525)**	(781)
Purchase of property, plant and equipment	**(1)**	-
Net cash outflow from investing activities	**(3,526)**	(781)
Cash flows from financing activities		
Proceeds from issue of share capital	**9,230**	2,431
Share issue costs	**(608)**	(151)
Finance cost	**(48)**	(138)
Loans received	**526**	830
Loans repaid	**-**	(125)
Net cash inflow from financing activities	**9,100**	2,847
Net change in cash and cash equivalents	**3,259**	503
Cash and cash equivalents at beginning of period	**830**	45
Exchange differences on cash and cash equivalents	**(75)**	282
Cash and cash equivalents at end of period	**4,014**	830

SIRIUS PETROLEUM PLC

NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED 31 DECEMBER 2017

1. REVENUE, 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 2017 $'000	Year ended 31 December 2016 $'000
Staff costs	**993**	420
Depreciation of owned fixed assets	**6**	6
Operating lease rentals: land and buildings	**86**	64
Fees payable to the Company's auditor for the audit of the financial statements	**52**	39
Fees payable to the Company's auditor and its associates for other services:		
Other services relating to reporting accountant	**139**	-
Other services relating to employee tax advice	**6**	-
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 $Nil (2016: $Nil) arise in the UK and $10,567,000 (2016: $4,663,000) arise in Nigeria.

2. TAXATION

There is no tax charge for the year (year ended 31 December 2016: $nil).

Unrelieved tax losses of approximately $19,500,000 (2016: $18,600,000) remain available to offset against future taxable trading profits. The unprovided deferred tax asset at 31 December 2017 is $3,754,000 (2016: $8,018,000) 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:

	2017 $'000	**2017 %**	2016 $'000	2016 %
Loss before taxation	**(2,269)**		(2,172)	

Loss multiplied by standard rate of corporation tax in the UK	**(437)**	**(19.25)**	(434)	(20.00)
Effect of:				
Expenses not deductible for tax purposes	**151**	**(19.25)**	166	(20.00)
Overseas loss not recognised	**44**	**(19.25)**	92	(20.00)
Interest disallowed	**63**	**(19.25)**	-	(20.00)
Unrelieved tax losses	**179**	**(19.25)**	176	(20.00)
Total tax charge for year	**-**		-	

3. LOSS PER SHARE

	2017	2016
	$’000	$’000
Loss attributable to owners of the Company	**(2,269)**	(2,172)

	2017	2016
	Number	Number
Weighted average number of shares for calculating basic loss per share	**2,550,274,003**	1,945,424,787

	2017	2016
	Cents	Cents
Basic and diluted loss per share	**(0.09)**	(0.11)

There are 463,500,000 share options and 333,000,000 warrants outstanding as at 31 December 2017. Their effect is anti-dilutive, but is potentially dilutive against future profits.

4. INTANGIBLE EXPLORATION AND EVALUATION ASSETS

Cost of oil and gas exploration

	$'000
Cost	
At 1 January 2016	3,862
Additions	781
At 31 December 2016	4,643
Additions	5,911
At 31 December 2017	**10,554**
Amortisation and impairment	
At 1 January 2016, 31 December 2016 and 31 December 2017	-
Net book value at 31 December 2017	**10,554**
Net book value at 31 December 2016	4,643
Net book value at 1 January 2016	3,862

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 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. In 2016 the Directors reviewed the assumptions made and consider that the liability should now be provided in full as it was expected to be paid shortly, therefore, the carrying value of the liability was assessed at $500,000 and is included in other payables (2016: $500,000).

The Group has undertaken certain works including commissioning the preparation of a Competent Persons 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 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. 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. LOANS PAYABLE

During the year the Group received loans from several unconnected parties to fund working capital amounting to $526,000 (2016: $830,000), which incurred initial loan fees of $Nil (2016: $83,000).

Convertible loans

None of the 2017 loans received were convertible. Of the 2016 loans 2016: $669,000 plus interest of $67,000 was convertible at 0.35p. The loans are unsecured.

Some of the loan agreements and initial loan fees represent compound instruments. The fair value of the financial liability component of these loans and arrangement fees was initially recognised at $Nil (2016: $657,000). Associated finance charges of $52,000 (2016: $23,000) have been recognised during the period calculated in accordance with the effective interest method. During the year $736,000 (2016: $Nil) of the debt was repaid in shares, and $Nil (2016: $125,000) was repaid in cash. At 31 December 2017, the carrying value of the financial liability is $337,000 (2016: $937,000), including a $84,000 (2016: $136,000) exchange movement and is included within loans payable.

The initial loan fees of the 2016 convertible loan may be settled, at the Lendor's discretion, in cash or as a fixed number of shares, to be issued at 0.35p per share. This component represents an equity instrument and was been recognised within other reserves in 2016 at the residual value of $12,000, being the difference between the $669,000 cash consideration received and the initial fair value of the financial liability component of 2016: $657,000. There was an exchange movement of $1,000 recognised on the reserve and the carrying value was $11,000. This amount was transferred to retained earnings on converson of the loan in 2017 and $1,000 exchange difference was recognised.

During the year ended 31 December 2016 $124,655 of initial loans were repaid in cash and an additional $91,718 finance charge was paid on this loan dating back to 2012, which has been included in finance cost in 2016. Additionally $46,000 of commissions paid on loans received has been included in finance costs in 2016.

Non-convertible loans

During the year the Group received non-convertible loans of $526,000 (2016: $160,000) and $22,000 of interest (2016: $16,000) was recognised on these loans during the year. Agreements were reached with the lendors to repay these loans in shares and 86,103,572 shares were issued in respect of a total repayment of $743,000 including a $25,000 exchange movement (2016 minus $6,000 movement). Additionally $23,000 of commissions paid on loans received has been included in finance costs in 2017.

The movements in the loans are summarised below:

	31 December 2017	31 December 2016
Convertible loans	**$'000**	$'000
Balance at 1 January	**937**	518
Loans received	**-**	657
Interest charged	**52**	23
Converted	**(736)**	-
Repaid in cash	**-**	(125)
Foreign exchange	**84**	(136)
Balance at 31 December	**337**	937
Non-convertible loans		
Balance at 1 January	**170**	-
Loans received	**526**	160
Interest charged	**22**	16
Paid in shares	**(743)**	-
Foreign exchange	**25**	(6)
Balance at 31 December	**-**	170

6. SHARE CAPITAL

	31 December 2017	31 December 2016
	$'000	$'000
Allotted, issued and fully paid		
3,555,965,801 (2016: 2,258,029,523) ordinary shares of 0.25p	**13,210**	8,927

The movement in share capital is analysed as follows:

	Ordinary shares No.	**$000**
Allotted and issued		
At 31 December 2015	1,721,362,856	7,144

Shares issued for cash	536,666,667	1,783
At 31 December 2016	2,258,029,523	8,927
Shares issued for fees due	64,323,183	214
Shares issued for cash	990,366,666	3,258
Loan repayments	243,246,429	811
At 31 December 2017	**3,555,965,801**	**13,210**

On 26 January 2017, 14,000,000 ordinary shares of 0.25p were issued at 0.5p in repayment of a loan of £70,000.

On 22 February 2017, 266,666,666 ordinary shares of 0.25p were issued at 0.75p for cash raising £2,000,000 before costs, and 3,333,333 ordinary shares of 0.25p were issued at 0.75p in payment of placing commission of £25,000.

On 5 December 2017, 394,000,000 ordinary shares of 0.25p were issued at 1p for cash raising £3,297,000 before costs.

On 19 December 2017, 329,700,000 ordinary shares of 0.25p were issued at 1p for cash raising £3,940,000 before costs, 188,571,429 ordinary shares of 0.25p were issued at 0.35p in repayment of loans and interest of £660,000, 5,500,000 ordinary shares of 0.25p were issued at 0.5p in repayment of loans and interest of £27,500, 35,175,000 ordinary shares of 0.25p were issued at 0.1p in repayment of loans and interest of £351,750, 24,977,350 ordinary shares of 0.25p were issued at 0.5p in payment of fees of £124,887, 29,012,500 ordinary shares of 0.25p were issued at 1p in payment of directors' and other fees of 290,125, and 7,000,000 ordinary shares of 0.25p were issued at 1p in payment of placing commission of £70,000.

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. PUBLICATION OF STATUTORY ACCOUNTS

The financial information set out in this preliminary announcement does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006.

The consolidated statement of financial position at 31 December 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and associated notes for the year then ended have been extracted from the Group's 2017 financial statements upon which the auditor's opinion is not modified and does not include any statement under Section 498 of the Companies Act 2006.

The accounts for the year ended 31 December 2017 will be posted to shareholders shortly and laid before the Company at the Annual General Meeting. Copies will also be available on the Company's website (www.siriuspetroleum.com) in accordance with AIM Rule 26.