

27 September 2016

**Sirius Petroleum Plc.**

("Sirius" or the "Company")

**Half Year Report**

for the six month period ended 30 June 2016

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 2016.

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**Half Year Report**

**Results**

The interim results for the six month period ended 30 June 2016 reflect the costs incurred during the period to continue our evaluation work on the Ororo Field, in collaboration with our Technical Advisors, Havoc Partners and our Nigerian partners, Owena Oil & Gas and Guarantee Petroleum, 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 \$698,000, a significant reduction of \$864,000 on the six months to 30 June 2015 operating loss of \$1,562,000, (year to 31 December 2015: \$3,215,000) giving a loss per share of 0.04 cents (30 June 2015: 0.19 cents, 31 December 2015 0.30 cents).

**Financing**

During the period the Company issued 166,666,667 new ordinary shares of 0.25p each at 0.3p, raising £500,000 before expenses. Since the period end the Company has issued a further 200,000,000 new ordinary shares of 0.25p each at 0.25p, raising a further £500,000 before expenses. The Company has also entered into a convertible loan agreement since the period end for £500,000. The loan is for a term of one year and accrues 10% interest.

**Outlook**

International oil service providers are offering turn-key services, equipment and personnel to finance low-risk development projects. The Board has now received a further two proposals from multinational service providers following the Company's initial vendor finance proposal. This competitive process will create the most efficient structure and pricing for the drilling of the Ororo field.

On 8 September, Sirius announced the results of a Competent Person's Report (CPR) on the Ororo Field, which was produced by independent petroleum consultants, Rockflow Resources Limited ("Rockflow"). The

report confirmed a Mid Case Net Present Value (NPV10) of the asset of \$49.2m, based on a \$50 per barrel flat real oil price for life of field. The scenario would generate peak oil production of 6,000 stb/d and peak gas production at 25 MMScfd, which equates to combined peak production at 10,310 barrels of oil equivalent per day (boepd).

The High Case confirmed significant potential which exists on the field located in a world-class petroleum system. A summary of this report is available on our website under Reports & Publications in the Investor Relations section.

Rockflow produced an updated cash flow model in relation to the Ororo Field and in light of the current oil price, the decline of rig rates, and reduction of development costs, the economic cut off of the project is \$27/bbl, which is substantially lower than today's oil price.

In conclusion, the Directors believe that Sirius is well positioned to conclude its Project Funding given the underlying quality of the Ororo asset, the recent fundraise and the progress made with Guarantee Petroleum and Owena Oil & Gas in relation to moving forward with the preparatory work on the Ororo Field.

### **Annual General Meeting**

The Annual General Meeting will be held at 10.00 am on Thursday, 17 November 2016 at the offices of Fladgate LLP, 16 Great Queen Street, London, WC2B 5DG. A Notice convening the meeting will be sent separately to shareholders shortly, and an announcement will be made when this has been done.

Jack Pryde

Chairman

26 September 2016

**SIRIUS PETROLEUM PLC**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 30 JUNE 2016**

	<i>Note</i>	<b>Unaudited Period ended 30 June 2016</b>	Unaudited Period ended 30 June 2015	Audited Year ended 31 December 2015
		<b>US\$'000</b>	US\$'000	US\$'000
Other income		<b>36</b>	39	78
Share based payment charge		-	(442)	(895)
Other administrative expenses		<b>(734)</b>	(1,159)	(2,398)
Total administrative expenses		<b>(734)</b>	(1,601)	(3,293)
<b>Loss from operations</b>		<b>(698)</b>	(1,562)	(3,215)
Finance costs		<b>(4)</b>	(621)	(837)
<b>Loss before taxation</b>		<b>(702)</b>	(2,183)	(4,052)
Taxation		-	-	-
<b>Loss after taxation and loss attributable to the equity holders of the Company</b>		<b>(702)</b>	(2,183)	(4,052)
<b>Other comprehensive income</b>				
Exchange differences on translating foreign operations		<b>(5)</b>	(50)	(14)
<b>Total comprehensive loss for the period</b>		<b>(707)</b>	(2,233)	(4,066)
<b>Loss per share</b>				
Total basic and diluted (cents per share)	2	<b>(0.04)</b>	(0.19)	(0.30)

**SIRIUS PETROLEUM PLC**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 JUNE 2016**

	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 2015</b>	4,733	20,622	9,299	305	(252)	(35,750)	(1,043)
Share based payments	-	-	442	-	-	-	442
Share issue	808	3,145	(816)	-	-	-	3,137
Share issue costs	-	(35)	-	-	-	-	(35)
Issue of loan fees equity instruments	-	-	-	191	-	-	191
Settlement of loan fees equity instruments	-	-	-	(496)	-	(923)	(1,419)
<b>Transactions with owners</b>	<b>808</b>	<b>3,110</b>	<b>(374)</b>	<b>(305)</b>	<b>-</b>	<b>(923)</b>	<b>2,316</b>
Loss for the period	-	-	-	-	-	(2,183)	(2,183)
Other comprehensive income for the period	-	-	-	-	(50)	-	(50)
<b>Balance at 30 June 2015</b>	<b>5,541</b>	<b>23,732</b>	<b>8,925</b>	<b>-</b>	<b>(302)</b>	<b>(38,856)</b>	<b>(960)</b>
Share based payments	-	-	453	-	-	-	453
Share issue	1,603	1,656	(742)	-	-	-	2,517
Share issue costs	-	(136)	-	-	-	-	(136)
Transfer on lapse of share options/warrants	-	-	(1,411)	-	-	1,411	-
Issue of loan fees equity instruments	-	-	-	611	-	-	611
Settlement of loan fees equity instruments	-	-	-	(611)	-	(86)	(697)
<b>Transactions with owners</b>	<b>1,603</b>	<b>1,520</b>	<b>(1,700)</b>	<b>-</b>	<b>-</b>	<b>1,325</b>	<b>2,748</b>
Loss for the period	-	-	-	-	-	(1,869)	(1,869)
Other comprehensive income for the period	-	-	-	-	36	-	36
<b>Balance at 31 December 2015</b>	<b>7,144</b>	<b>25,252</b>	<b>7,225</b>	<b>-</b>	<b>(266)</b>	<b>(39,400)</b>	<b>(45)</b>
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 income 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>

SIRIUS PETROLEUM PLC  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2016

		Unaudited 30 June 2016	Unaudited 30 June 2015	Audited 31 December 2015
<b>Assets</b>	<i>Note</i>	<b>US\$'000</b>	US\$'000	US\$'000
<b>Non-current</b>				
Intangible exploration and evaluation assets	3	3,950	2,427	3,862
Property, plant and equipment		25	-	40
		<u>3,975</u>	<u>2,427</u>	<u>3,902</u>
<b>Current</b>				
Cash and cash equivalents		111	14	45
Trade and other receivables	4	60	194	110
		<u>171</u>	<u>208</u>	<u>155</u>
<b>Total current assets</b>		<b>171</b>	<b>208</b>	<b>155</b>
<b>Total assets</b>		<b>4,146</b>	<b>2,635</b>	<b>4,057</b>
<b>Liabilities</b>				
<b>Current</b>				
Trade and other payables		3,727	3,090	3,584
Loans payable		505	505	518
		<u>4,232</u>	<u>3,595</u>	<u>4,102</u>
<b>Total liabilities</b>		<b>4,232</b>	<b>3,595</b>	<b>4,102</b>
<b>Equity</b>				
Issued share capital	5	7,741	5,541	7,144
Share premium		25,321	23,732	25,252
Share based payment reserve		7,225	8,925	7,225
Exchange reserve		(271)	(302)	(266)
Retained earnings		(40,102)	(38,856)	(39,400)
		<u>(86)</u>	<u>(960)</u>	<u>(45)</u>
<b>Equity attributable to owners of the company</b>		<b>(86)</b>	<b>(960)</b>	<b>(45)</b>
<b>Total equity and liabilities</b>		<b>4,146</b>	<b>2,635</b>	<b>4,057</b>

SIRIUS PETROLEUM PLC  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 30 JUNE 2016

	Unaudited Period ended	Unaudited Period ended	Audited Year ended
	30 June 2016	30 June 2015	31 December 2015
	US\$'000	US\$'000	US\$'000
<b>Operating activities</b>			
Loss after tax	(702)	(2,183)	(4,052)
Depreciation	4	-	4
Finance cost	4	336	837
Decrease/(increase) in trade and other receivables	49	(141)	(95)
Equity settled share-based payments	-	442	895
Expenses settled in shares	-	137	479
Increase in trade and other payables	164	859	906
<b>Net cash (outflow) from operating activities</b>	<b>(481)</b>	<b>(550)</b>	<b>(1,026)</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	-	-	(44)
Investment in intangibles	(266)	(135)	(1,551)
<b>Net cash (outflow) from investing activities</b>	<b>(266)</b>	<b>(135)</b>	<b>(1,595)</b>
<b>Financing activities</b>			
Proceeds from issue of share capital	717	-	1,708
Share issue costs	(51)	(35)	(171)
Finance cost	-	(10)	(34)
Loans received	36	760	1,142
<b>Net cash inflow from financing activities</b>	<b>702</b>	<b>715</b>	<b>2,645</b>
<b>Net change in cash and cash equivalents</b>	<b>(45)</b>	<b>30</b>	<b>24</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>45</b>	<b>19</b>	<b>19</b>
<b>Exchange difference on cash and cash equivalents</b>	<b>111</b>	<b>(35)</b>	<b>2</b>
<b>Cash and cash equivalents at end of period</b>	<b>111</b>	<b>14</b>	<b>45</b>

# **SIRIUS PETROLEUM PLC**

## **NOTES TO THE INTERIM REPORT**

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

#### **1. BASIS OF PREPARATION**

The unaudited interim financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention. 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 2015 have been delivered to the Registrar of Companies. The auditor's report on those financial statements was unmodified.

#### **Going concern**

The directors have prepared cash flow projections through to 30 September 2017. These projections only take account of the on-going management costs of the Group, and the clearance of all payables outstanding at the date of this report (other than amounts owed to directors, ex-directors and amounts accrued in relation to payments which are to be paid if and when production of oil commences). The projections do not assume any oil extraction or income from oil trading nor do they assume any acquisitions take place or that any additional assessment of the prospective resources is undertaken over and above that authorised as at the date of this report.

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 further funds as required. 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. 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 2016</b>	Unaudited six months ended 30 June 2015	Audited year ended 31 December 2015
Loss on ordinary activities after tax (\$'000)	<u>(702)</u>	<u>(2,183)</u>	<u>(4,052)</u>
Weighted average number of shares for calculating basic loss per share	<u>1,817,516,702</u>	<u>1,162,343,230</u>	<u>1,349,954,048</u>
<b>Basic and diluted loss per share (US cents)</b>	<u>(0.04)</u>	<u>(0.19)</u>	<u>(0.30)</u>

### 3. INTANGIBLE EXPLORATION AND EVALUATION ASSETS

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

	<b>US\$'000</b>
<b>Cost</b>	
At 1 January 2015	2,311
Additions	135
Exchange difference	(19)
At 30 June 2015	2,427
Additions	1,435
At 31 December 2015	3,862
Additions	266
Exchange difference	(178)
At 30 June 2016	<u>3,950</u>
<b>Amortisation and impairment</b>	
At 1 January 2015, 30 June 2015, 31 December 2015 and 30 June 2016	<u>-</u>
<b>Net book value at 30 June 2016</b>	<u>3,950</u>
Net book value at 31 December 2015	<u>3,862</u>
Net book value at 30 June 2015	<u>2,427</u>

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. The Directors have reviewed the assumptions made and consider the timing to have changed, therefore, the carrying value of the liability has been assessed at the same value as at 31 December 2014 at \$318,000 and is included in other payables (2014: \$318,000).

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. The Directors have reviewed the valuation of the Ororo field incorporating volumetrics and a Field Development Plan prepared by Rockflow Resources Ltd, with a valuation of the asset based on current Capex estimates and current oil price. This valuation review supports the value of the investment held on the balance sheet.

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.

#### 4. TRADE AND OTHER RECEIVABLES

	<b>Unaudited</b>	Unaudited	Audited
	<b>30 June 2016</b>	30 June 2015	31 December 2015
	<b>US\$'000</b>	US\$'000	US\$'000
Trade receivables	8	-	9
Other receivables	<b>26</b>	177	72
Prepayments and accrued income	<b>26</b>	17	29
Total	<b>60</b>	<b>194</b>	101

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.

#### 5. TRADE AND OTHER PAYABLES

	<b>Unaudited</b>	Unaudited	Audited
	<b>30 June 2016</b>	30 June 2015	31 December 2015
	<b>US\$'000</b>	US\$'000	US\$'000
Trade payables	<b>475</b>	539	335
Other payables	<b>354</b>	367	531
Accruals	<b>2,898</b>	2,184	2,718
Total	<b>3,727</b>	3,090	3,584

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.

## 6. 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 2014	1,098,737,213	4,733	20,622
Shares issued for fees due	162,704,348	630	2,205
Loan repayments	46,183,795	178	940
Share issue costs	-	-	(35)
<b>At 30 June 2015</b>	<b>1,307,625,356</b>	<b>5,541</b>	<b>23,732</b>
Shares issued for fees due	123,737,500	116	841
Shares issued for cash	275,000,000	1,067	640
Loan repayments	15,000,000	420	175
Share issue costs	-	-	(136)
<b>At 31 December 2015</b>	<b>1,721,362,856</b>	<b>7,144</b>	<b>25,252</b>
Shares issued for cash	166,666,667	597	120
Share issue costs	-	-	(51)
<b>At 30 June 2016</b>	<b>1,888,029,523</b>	<b>7,741</b>	<b>25,321</b>

## 7. POST BALANCE SHEET EVENTS

On 25 July 2016, 200,000,000 ordinary shares of 0.25p were issued at par for cash raising £500,000 before expenses.

Following this share issue there are 2,088,029,523 ordinary shares of 0.25p in issue, each of which is a voting share.