



Sirius Petroleum plc

Annual Report and Financial Statements

for the year ended 31 December 2014



SIRIUS
PETROLEUM

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Corporate Advisers

| | |
|-----------------------------|--|
| Company registration number | 05181462 |
| Registered office | 16 Great Queen Street London WC2B 5DG |
| Directors | J Pryde Chairman O O Kuti Chief Executive Officer S Fletcher Finance Director A Kejriwal Non-Executive Director |
| Secretary | Kitwell Consultants Limited The Gables Potters Green Dane End Ware SG12 0JU |
| Nominated adviser | Cairn Financial Advisers LLP 61 Cheapside London EC2V 6AX |
| Broker | Cantor Fitzgerald Europe Ltd One Churchill Place Canary Wharf London E14 5RB |
| Registrars | Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU |
| 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 Colmore Plaza 20 Colmore Circus Birmingham B4 6AT |



Chairman's & CEO's Statement

FOR THE YEAR ENDED 31 DECEMBER 2014

We report on the progress of Sirius Petroleum plc ("Sirius" or "the Company") for the twelve-month period ended 31 December 2014. During the period the focus has been on reviewing the opportunities available to the Company, both in terms of assets in Nigeria and the optimum financing and long-term strategy for developing those assets. In parallel with this process, we have been reviewing all of the Company's key contracts within the group and re-structuring the Company to ensure that it is best placed to take advantages of such opportunities.

Overview

- The Company's core corporate strategy is, working alongside financial and technical industry partners on a joint farm-in basis, to exploit larger oil blocks in Nigeria. The Company also continues to monitor the award of upcoming marginal fields to be auctioned by the Department of Petroleum Resources in Nigeria;
- Continue the development work completed on the Company's first marginal field, the Ororo Field, located in OML95, to optimise the well entry plans and field development;
- Appointment of Havoc Partners LLP as technical advisor to the Company and appointment of Jon Taylor and Alan Stein to the Technical Advisory Committee to strengthen the Company's in-house core competency;
- Marketing Agreement signed with BTG Pactual Commodities to off-take the Company's crude;
- Sirius has grown its local Nigerian team adding strong oil experience and developing key local relationships to enable Sirius to exploit the significant oil and gas opportunities available to indigenous companies in Nigeria; and
- A facility has been agreed with Calvet International, a family office, to assist the Company with its working capital requirements.

Corporate strategy update

The Board has been actively reviewing the optimum strategy for Sirius in light of the current economic climate and lower oil prices. There remains a significant number of opportunities available to smaller E&P Companies in Nigeria and the Government's drive for the development of assets by indigenous companies sees Sirius well placed. Since the Company's inception, the focus has been on developing the right relationships to ensure that the Company can access assets not readily available to international companies.

We are in discussions with regard to the participation in a significant oil block located in the shallow waters of the Niger Delta Basin on Nigeria's continental shelf. Our technical team, in collaboration with Havoc Partners, has begun full technical due diligence in order to review the optimum development strategy.

The Company is also in discussions with a number of parties with a view to a farm-in arrangement to develop the asset, utilising their financial and technical capabilities. This asset has significant 2P reserves and existing wells have been drilled. The intention is to conclude a joint venture agreement to enable Sirius and its partner to farm-in to the equity available in this Block. This would give Sirius a significant increase in its reserve base and we would look to take advantage of the lower oil service costs to develop the asset.

The Ororo Field (OML 95) remains a highly attractive initial development asset for the Company. The advantageous marginal field fiscal regimes, coupled with lower development costs and decreasing rig rates, make the asset both economical at both current crude oil prices and also at significantly lower prices. The Company continues to hold discussions with parties regarding investment in the Ororo Field. Within the identified structures, there is a large amount of potential upside from deeper structures which we are very keen to exploit.



Chairman's & CEO's Statement

CONTINUED

Financial summary

The loss after tax has been reduced to \$5,668,000 in 2014 from \$6,570,000 in 2013, mainly due to a reduction in administrative expenses of \$1,294,000. Total assets have increased from \$2,296,000 in 2013 to \$2,369,000 in 2014, with liabilities falling from \$5,860,000 to \$3,412,000 and total equity has increased by \$2,521,000 from (\$3,564,000) in 2013 to (\$1,043,000) in 2014. Net cash has reduced from \$27,000 in 2013 to \$19,000 in 2014.

Loss of capital

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

Going concern

The Directors have undertaken a detailed review of the Group's cash flow forecast. We believe that the Group has 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. A full going concern report can be found in the Strategic Report below.

Outlook

Sirius, with the assistance of its broker, financial advisors and technical partners has made progress in attracting investment in a difficult oil market. The decision to terminate discussions with Nima International Ltd was made to maximise shareholder value from Sirius' current assets and the significant pipeline of assets available going forward.

In the aftermath of Nigeria's historic election, the energy sector is the key focus of attention as the election of the opposition candidate, Muhammadu Buhari, the new President, marks the first democratic defeat of an incumbent Nigerian president.

The change in government has brought a new sense of optimism and renewed vigour to tackle corruption. President Buhari is focused on reforming the Nigerian National Petroleum Corporation ("NNPC"), a state company which controls the country's upstream production through its Joint Venture ("JV") partnerships with International Oil Companies ("IOCs"), in order to create a more transparent NNPC.

The long awaited Petroleum Industry Bill ("PIB"), which has been in development for a decade under the previous administration, is likely to be passed into law in a relatively short time. This will remove the uncertainty that resulted in billions of dollars of withheld investment.

The current governor of the Central Bank of Nigeria ("CBN") and the Head of Oslo-based Extractive Industries Transparency Initiatives ("EITI") have suggested selling the state oil company's stakes in the producing joint ventures to address the state's finances. This asset base could open up huge proven and producing opportunities for indigenous companies in an industry actively promoting local participation.

We hope that the regulatory changes within Nigeria will make it more attractive to the international community and allow indigenous companies to participate in substantial opportunities in Nigeria's oil and gas sector.



Chairman's & CEO's Statement

CONTINUED

Annual general meeting

The Annual General Meeting will be held at 10 am on Wednesday, 5 August 2015 at the offices of Fladgate LLP, 16 Great Queen Street, London, WC2B 5DG. A Notice convening the meeting will be sent separately to shareholders and an announcement will be made when this has been done.

We are pleased with the work we have achieved over the past year to ensure that the Company has all the necessary skills and resources to develop its pipeline of assets. Whilst market conditions have been difficult, management remains determined to maximise the value of our assets and the opportunities open to the Company in Nigeria.

Finally, I would like to thank our shareholders for their support as we continue to develop the business.

Jack Pryde

Chairman

29 June 2015



Strategic Report

FOR THE YEAR ENDED 31 DECEMBER 2014

Business review

The results of the Group are shown on page 23. 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 \$5,668,000 (2013: \$6,570,000). Finance costs on loans remained steady at \$1,589,000, and share based payments increased from \$990,000 to \$1,516,000.

Since the end of the period, Sirius has issued a further 208,888,143 new ordinary shares of 0.25p each, in settlement of outstanding professional and other fees, and repayment of loans for general working capital, and now has 1,307,625,356 shares in issue. Sirius does not hold any shares in treasury and, hence, the total number of voting rights in the Company is 1,307,625,356. 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 Company'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 to continue the development work completed on the Company's first marginal field, the Ororo Field, located in OML95, to optimise the well entry plans and field development.

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.

Principal risks and uncertainties

The Group's overall strategy 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 grown 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 2014 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

Political instability in this developing economy could result in the loss of the business. Ongoing monitoring and close liaison on the ground are utilised to monitor the situation.



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 are key.

Going concern

The Directors have prepared cash flow projections for the period up to 30 June 2016. These projections only take account of the on-going management costs of the Group, and the clearance of all payables outstanding as at the date of this report. The payment of accrued Directors' remuneration and certain of the Directors' remuneration payable in respect of the current year has been excluded as the Directors have agreed to defer payment until such time as funds are available. The projections also 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.

On 5 May 2015, the Company signed a convertible loan facility with Calvet International Limited ("Calvet") which provides up to £1.5 million (\$2.4 million) (the "Calvet Facility") of funding for general working capital. The Company has drawn down £200,000 to date in respect of the Calvet Facility. As the Company has secured a further loan of £100,000 from a different third party, they have agreed that the Calvet Facility would be reduced by £100,000. On the basis that the remaining £1.2 million of this facility is drawn in full, the cash flow projections indicate that the Group has sufficient headroom to meet its working capital requirements.

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 has 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 Board continues to review potential project finance to bring the Ororo Field into production. We will seek to conclude on funding which maximises value for shareholders.

Future prospects

Sirius, with the assistance of its broker, financial advisors and technical partners have made progress on attracting investment in a difficult oil market. The decision to terminate discussions with Nima International Ltd was made to maximise shareholder value through shifting the funding from the Group ('plc') level to the individual asset level through joint-venture farm-ins, and take advantage of Sirius' significant pipeline of assets going forwards.

Jack Pryde

Chairman

29 June 2015



Report of the Directors

FOR THE YEAR ENDED 31 DECEMBER 2014

The Directors present their annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2014.

Principal activity

The Group is actively seeking to acquire and develop offshore proven oil discoveries ('marginal fields') in Nigeria.

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 focussed in Nigeria once an investment in a marginal oil field has been secured.

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 are liquidity risk and interest rate risk. The Board reviews and agrees policies for managing these risks and these are summarised below.

Liquidity risk

The Group's cashflow 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.

Interest rate risk

The Group has not been exposed to significant interest rate risk. As the Group evolves, this exposure is likely to increase and the Directors will introduce appropriate policies to deal with this risk at that point in time.

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 that it enters into contractual arrangements with.



Report of the Directors

CONTINUED

Post balance sheet events

On 3 March 2015, 11,304,348 ordinary shares of 0.25p were issued at 2.875p in settlement of loan arrangement fees, 7,500,000 ordinary shares of 0.25p were issued at 2.0p in settlement of loan arrangement fees, 6,956,522 ordinary shares of 0.25p were issued at 2.875p in settlement of loans, 2,727,273 ordinary shares of 0.25p were issued at 2.275p in settlement of loans, 4,000,000 ordinary shares of 0.25p were issued at 2.5p in settlement of loans, 2,500,000 ordinary shares of 0.25p were issued at 2.0p in settlement of loans, and 8,900,000 ordinary shares of 0.25p were issued at 1.0p in settlement of fees and expenses invoiced.

On 1 May 2015, 35,000,000 ordinary shares of 0.25p were issued at 1.0p in respect of the settlement of fees.

On 8 May 2015, 50,000,000 ordinary shares of 0.25p were issued at 1.0p in settlement of loan arrangement fees and 20,000,000 ordinary share of 0.25p were issued at 1.0p in settlement of loans.

On 22 June 2015, 40,000,000 ordinary shares of 0.25p were issued at 0.8p in settlement of advisory fees, 10,000,000 ordinary shares of 0.25p were issued at 1p in settlement of loan fees and 10,000,000 ordinary shares of 0.25p were issued at 1p in settlement of loans.

Following these share issues there are 1,307,625,356 ordinary shares of 0.25p in issue, each of which is a voting share.

Directors

The membership of the Board is set out below:

J Pryde
O O Kuti
S Fletcher
A Kejriwal

Substantial shareholdings

Interests in excess of 3% of the issued share capital of the Company which had been notified as at 11 June 2015 were as follows:

| | Ordinary shares of 1p each Number | Percentage of capital % |
|--------------------------------------|---|-------------------------------|
| W B Nominees Limited | 92,647,025 | 7.43% |
| Barclayshare Nominees Limited | 90,651,773 | 7.27% |
| Spreadex Limited | 88,196,864 | 7.07% |
| Secure Nominees Limited | 73,962,479 | 5.93% |
| Lynchwood Nominees Limited | 71,950,000 | 5.77% |
| Vidacos Nominees Limited | 67,032,643 | 5.37% |
| Hargreaves Lansdown Nominees Limited | 46,369,375 | 3.72% |
| Platform Securities Nominees | 40,445,438 | 3.24% |

In addition to the above, 60,000,000 shares were issued on 22 June 2015, representing 4.8% of the Company's existing share capital, which have not yet been admitted to AIM.

Payment to suppliers

It is the Group's policy to agree 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.



Report of the Directors

CONTINUED

Group statement of Directors' responsibilities

The Directors are responsible for preparing the Group's Annual Report and the Group 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 Group financial statements in accordance with applicable law and International Financial Reporting Standards as adopted by the European Union ("IFRS"). 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 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 IFRS have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company 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.

The Directors confirm that:

- so far as each of the Directors is aware there is no relevant audit information of which the Company's auditors 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 auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company'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

Kitwell Consultants Limited
Company Secretary

29 June 2015

Company Number: 05181462



Corporate Governance

FOR THE YEAR ENDED 31 DECEMBER 2014

Directors

The Company supports the concept of an effective board leading and controlling the Company. The Board is responsible for approving Company policy and strategy. It meets on a regular basis and has a schedule of matters specifically reserved to it for decision. Management supply the Board with appropriate and timely information and the Directors are free to seek any further information they consider necessary. All Directors have access to advice from the Company Secretary and independent professional advice at the Company's expense.

The Board consists of four Directors, who bring a breadth of experience and knowledge and will be enhanced by additional appointments when the Company commences operations in Nigeria. The structure of the Board is intended to provide a balance whereby the Board's decision making cannot be dominated by any one individual.

Relations with shareholders

The Company values the views of its shareholders and recognises their interest in the Group's strategy and performance. The Annual General Meeting will be used to communicate with private investors and they are encouraged to participate. A number of the Directors will be available to answer questions. Separate resolutions will be proposed on each issue so that they can be given proper consideration and there will be a resolution to approve the annual report and accounts.

Internal control

The Board is responsible for maintaining a strong system of internal control to safeguard shareholders' investment and the Group's assets and for reviewing its effectiveness. The system of internal financial control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

Terms of reference for an audit committee have been established but, due to the current small number of directors, the Audit Committee's activities have been taken over by the Board as a whole until further appointments of non-executive directors are made. On re-establishment, it is intended that the Audit Committee will meet at least half yearly and will be responsible for ensuring that the financial performance of the Group is properly monitored and reported on, as well as meeting the auditors and reviewing any reports from the auditors regarding accounts and internal control systems.

The Board is committed to maintaining a reputation for honesty and integrity in all its business dealings and seeks to avoid the appearance of impropriety in its actions. Accordingly, an Anti-Bribery and Corruption Policy has been established and a hard copy is held at the Group's head office.

The Board has considered the need for an internal audit function but has decided that the size of the Group does not justify it at present. The Company will however keep the decision under annual review.



Corporate Governance

CONTINUED

Going concern

The Directors have prepared cash flow projections for the period up to 30 June 2016. 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. The payment of accrued Directors' remuneration and certain of the Directors' remuneration payable in respect of the current year has been excluded as the Directors have agreed to defer payment until such time as funds are available. The projections also 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.

On 5 May 2015, the Company signed a convertible loan facility with Calvet which provides up to £1.5 million (\$2.4 million) of funding for general working capital. The Company has drawn down £200,000 to date in respect of the Calvet Facility. As the Company has secured a further loan of £100,000 from a different third party, they have agreed that the Calvet Facility would be reduced by £100,000. On the basis that the remaining £1.2 million of this facility is drawn in full, the cash flow projections indicate that the Group has sufficient headroom to meet its working capital requirements.

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 has 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.



Report on Remuneration

FOR THE YEAR ENDED 31 DECEMBER 2014

Directors' remuneration

The Board recognises that Directors' remuneration is of legitimate concern to shareholders and is committed to following current best practice. The Group operates within a competitive environment and performance depends on the individual contributions of the Directors and employees. The Board believes in rewarding vision and innovation.

Policy on executive Directors' remuneration

The policy of the Board is to provide executive remuneration packages designed to attract, motivate and retain Directors of the calibre necessary to maintain the Group's position and to reward them for enhancing shareholder value and return. It aims to provide sufficient levels of remuneration to do this, but avoid paying more than is necessary. The remuneration will also reflect the Directors' responsibilities and contain incentives to deliver the Group's objectives. The Company has established terms of reference for a remuneration committee which will be put into place once additional non-executive directors have been appointed.

The remuneration of the Directors was as follows:

| | T Hayward (resigned on 25 September 2013) \$ | O Kuti \$ | S Fletcher (appointed on 25 September 2013) \$ | M Hirschfield (resigned on 25 September 2013) \$ | J Pryde \$ | A Kejiwal \$ | Total \$ |
|--|--|----------------|--|--|---------------|-----------------|----------------|
| Short-term employment benefits: | | | | | | | |
| Year to 31 December 2014 | | | | | | | |
| Salary and fees | – | 213,781 | 145,847 | – | 63,647 | – | 423,275 |
| Benefits in kind | – | 1,609 | – | – | – | – | 1,609 |
| Share based payments | – | – | 105,852 | – | – | 158,775 | 264,627 |
| Total | – | 215,390 | 251,699 | – | 63,647 | 158,775 | 689,511 |
| Employers NI | – | 27,658 | – | – | 6,960 | – | 34,618 |
| Year to 31 December 2013 | | | | | | | |
| Salary and fees | 207,696 | 103,142 | 30,921 | 190,845 | 84,861 | – | 617,465 |
| Benefits in kind | – | 1,307 | – | 483 | – | – | 1,790 |
| Share based payments | – | – | – | – | – | – | – |
| Total | 207,696 | 104,449 | 30,921 | 191,328 | 84,861 | – | 619,255 |
| Employers NI | 34,017 | 12,597 | 4,267 | (36,759) | 11,711 | – | 25,833 |

The above table includes amounts due but undrawn in respect of directors remuneration and National Insurance as at 31 December 2014 (and so are shown as liabilities within accruals) as follows:

| | |
|---------------|-----------|
| J Pryde | \$236,117 |
| O Kuti | \$106,796 |
| M Hirschfield | \$430,680 |
| S Fletcher | \$139,806 |
| T Hayward | \$466,020 |
| G Porter | \$138,253 |

Since the year end agreement has been reached with T Hayward and G Porter to settle the outstanding amounts at a 50% discount in ordinary shares of 0.25p at 1p. This will result in 4,450,000 shares being issued to G Porter and 15,000,000 shares being issued to T Hayward.



Report on Remuneration

CONTINUED

The NI for M Hirschfield in 2013 in the above table is negative as accrued salary will no longer be paid under PAYE and subject to employers NI, following his resignation as director on 25 September 2013.

On 23 April 2013 857,143 ordinary shares at 3.5p were issued to E Johnson, a former director, in payment of fees relating to amendments to his compromise agreement at fair value. Further shares were issued to E Johnson in payment of fees relating to amendments to his compromise agreement as follows: 11 July 2013 625,000 ordinary shares at 4p, 7 August 2013 888,889 ordinary shares at 3.38p and 19 September 2013 774,194 ordinary shares at 3.38p.

On 1 November 2013 fees of \$114,951 were paid through a share transfer by a third party to E Johnson.

Pensions

The Group does not make pension contributions on behalf of the Directors.

Benefits in kind

The Group provides medical and dental insurance to certain Directors.

Bonuses

No amounts were payable for bonuses in respect of the years ending 31 December 2014 nor 31 December 2013.

Notice periods

The Directors all have three month rolling notice periods.

Share option incentives

At 31 December 2014 the following share options and warrants were held by the Directors.

| | | Date of grant | Exercise price | Number of options/warrants |
|------------|----------|------------------|----------------|----------------------------|
| O Kuti | Options | 28 February 2011 | 5p | 3,000,000 |
| O Kuti | Options | 11 October 2011 | 5p | 7,000,000 |
| J Pryde | Options | 28 February 2011 | 5p | 5,000,000 |
| J Pryde | Options | 11 October 2011 | 5p | 2,000,000 |
| S Fletcher | Warrants | 7 April 2014 | 5p | 5,000,000 |
| A Kejriwal | Warrants | 7 April 2014 | 5p | 7,500,000 |

Options Granted 28 February 2011

The share options for Mr Pryde are exercisable 12 months after the date of grant. The share options for Mr Kuti are exercisable after the latest of 12 months after the date of grant or the completion of a reverse transaction, as defined by the AIM rules, by the Company.

Options Granted 11 October 2011

All of the share options are exercisable on the earlier of the first anniversary of the date of grant or a change of control of the Company or reverse transaction, as defined by the AIM rules, by the Company.

Warrants Granted 7 April 2014

All of the warrants were exercisable on the 1 October 2014.

The highest and lowest share price for the year were 3.875p and 2.1p respectively. The share price at 31 December 2014 was 2.28p.



Report of the Independent Auditors

TO THE MEMBERS OF SIRIUS PETROLEUM PLC

We have audited the Group financial statements of Sirius Petroleum plc for the year ended 31 December 2014 which comprise the principal accounting policies, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of financial position, the consolidated cash flow statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 10, the directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial period for which the Group financial statements are prepared is consistent with the Group financial statements.



Report of the Independent Auditors

TO THE MEMBERS OF SIRIUS PETROLEUM PLC
CONTINUED

Matters on which we are required to report by exception

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

- 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.

Other matter

We have reported separately on the parent Company financial statements of Sirius Petroleum plc for the year ended 31 December 2014.

David Munton

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham

29 June 2014



Principal Accounting Policies

FOR THE YEAR ENDED 31 DECEMBER 2014

Basis of preparation

The Group 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 on pages 41 to 54 under the historical cost convention and in accordance with applicable accounting standards under UK GAAP.

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

Going concern

The Directors have prepared cash flow projections through to 30 June 2016. 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. The payment of accrued Directors' remuneration and certain of the Directors' remuneration payable in respect of the current year has been excluded as the Directors have agreed to defer payment until such time as funds are available. The projections also 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.

On 5 May 2015 the Company signed a convertible loan facility with Calvet which provides up to £1.5 million (\$2.4 million) of funding for general working capital. The Company has drawn down £200,000 to date in respect of the Calvet Facility. As the Company has secured a further loan of £100,000 from a different third party, they have agreed that the Calvet Facility would be reduced by £100,000. On the basis that the remaining £1.2 million of this facility is drawn in full, the cash flow projections indicate that the Group has sufficient headroom to meet its working capital requirements.

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 has 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.

Basis of consolidation

The Group 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 have changed.

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 dealt with by the acquisition method. 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 balance sheet at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out 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.



Principal Accounting Policies

CONTINUED

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 balance sheet 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 income statement.

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 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 balance sheet date.

Most changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement. 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.

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 profit or loss. If the field is determined to be commercially viable, the licence costs are transferred to property, plant and equipment.

Financial assets

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

All financial assets are recognised when the Group 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.

Interest and other cash flows resulting from holding financial assets are recognised in profit or loss using the effective interest rate method, regardless of how the related carrying amount of financial assets is measured.

Trade and other receivables are provided against when objective evidence is received that the Group 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 expires or the financial assets are transferred and the Group 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 profit or loss.



Principal Accounting Policies

CONTINUED

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 Group's cash management.

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 income statement in connection with share based payments, less any amounts transferred to retained earnings on the exercise of share options or warrants.

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

Financial liabilities

The Group's financial liabilities comprise trade and other payables 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 profit/loss 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 profit/loss.

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 profit/loss 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.

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 income statement.



Principal Accounting Policies

CONTINUED

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 balance sheet 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 balance sheet 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). 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.

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.



Principal Accounting Policies

CONTINUED

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 profit or loss.

Property, plant and equipment

(i) Measurement bases

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 profit/loss 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 profit/loss.

(ii) Depreciation

Depreciation is calculated so as to write off the cost of property, plant and equipment, less its estimated residual value, which is revised annually, 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 another party, are classified as operating leases.

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

Foreign currencies

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency at the exchange rate ruling 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.

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 profit/loss 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 1.64871 (2013: 1.56483). The closing exchange rate at 31 December 2014 was USD 1.5534 (2013: 1.6491).

Principal Accounting Policies

CONTINUED

Segmental reporting

A segment is a distinguishable component of the Group that is engaged in business activities from which it may earn revenues and incur expenses whose operating results are regularly reviewed by the chief operating decision maker.

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 17 above.

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.

Share based payment

Management have made a number of assumptions in calculating the fair value of the share options as detailed in note 10.

Included in the share based payment charge in the year ended 31 December 2013 is an amount of \$975,000 relating to the fair value of services received in connection with a financing project. This financing project culminated in the Glencore Off-Take agreement, further details are given in notes 9 and 10. The consideration given for these services was the issue of 900,000,000 warrants. In accounting for this item, the Directors have considered the definition of transaction costs within IAS39 and have concluded that the definition has not been met. The cost has therefore been expensed in the previous year.

(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 considers that the most significant judgement they have had to make is whether STPL Limited should be consolidated as a subsidiary undertaking. 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. On this basis the Directors consider it is a subsidiary undertaking and, therefore, should be fully consolidated.

Adoption of new or amended IFRS

The Directors anticipate that the adoption of new standards which are in issue but not yet effective and have not been early adopted by the Group will be relevant to the Group but will not result in significant changes to the Group's accounting policies. These are:

- IFRS 9 Financial Instruments (effective date 1 January 2015)
- Amendments to IAS 19 and the annual updates to various other standards (effective 1 July 2014)

There are other standards in issue but not yet effective, which are not likely to be relevant to the group which have, therefore, not been listed.



Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2014

| | Note | Year ended 31 December 2014 \$000 | Year ended 31 December 2013 \$000 |
|---|------|--|--|
| Other income | | 81 | 76 |
| Share based payments | | (1,516) | (990) |
| Other administrative expenses | 1 | (2,590) | (3,884) |
| Total administrative expenses | | (4,106) | (4,874) |
| Loss from operations | | (4,025) | (4,798) |
| Finance cost | 2 | (1,589) | (1,590) |
| Loss before and after taxation, and loss attributable to the equity holders of the Company | | (5,614) | (6,388) |
| Other comprehensive (loss) | | | |
| Exchange differences on translating foreign operations | | (54) | (182) |
| Other comprehensive (loss) for the period, net of tax | | (54) | (182) |
| Total comprehensive loss for the year, attributable to owners of the company | | (5,668) | (6,570) |
| Total loss per ordinary share | | | |
| Basic and diluted loss per share (cents) | 4 | (0.54) | (0.75) |

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 2014

| | Share capital \$000 | Share premium \$000 | Share based payment reserve \$000 | Other reserves \$000 | Exchange reserve \$000 | Retained earnings \$000 | Total equity \$000 |
|---|------------------------|------------------------|--------------------------------------|-------------------------|---------------------------|----------------------------|-----------------------|
| Balance at 1 January 2013 | 3,580 | 10,065 | 6,793 | 272 | (16) | (21,390) | (696) |
| Share based payments | – | – | 990 | – | – | – | 990 |
| Share issue | 558 | 4,573 | – | – | – | – | 5,131 |
| Share issue costs | – | (1,256) | – | – | – | – | (1,256) |
| Issue of loan fees equity instruments (note 9) | – | – | – | 1,984 | – | – | 1,984 |
| Settlement of loan fees equity instruments (note 9) | – | – | – | (2,177) | – | (970) | (3,147) |
| Transactions with owners | 558 | 3,317 | 990 | (193) | – | (970) | 3,702 |
| Exchange difference on translating foreign operations | – | – | – | – | (182) | – | (182) |
| Loss for the year | – | – | – | – | – | (6,388) | (6,388) |
| Total comprehensive loss for the period | – | – | – | – | (182) | (6,388) | (6,570) |
| Balance at 31 December 2013 | 4,138 | 13,382 | 7,783 | 79 | (198) | (28,748) | (3,564) |
| Share based payments | – | – | 1,516 | – | – | – | 1,516 |
| Share issue | 595 | 7,240 | – | – | – | – | 7,835 |
| Issue of loan fees equity instruments (note 9) | – | – | – | 822 | – | – | 822 |
| Settlement of loan fees equity instruments (note 9) | – | – | – | (596) | – | (1,388) | (1,984) |
| Transactions with owners | 595 | 7,240 | 1,516 | 226 | – | (1,388) | 8,189 |
| Exchange difference on translating foreign operations | – | – | – | – | (54) | – | (54) |
| Loss for the period | – | – | – | – | – | (5,614) | (5,614) |
| Total comprehensive loss for the period | – | – | – | – | (54) | (5,614) | (5,668) |
| Balance at 31 December 2014 | 4,733 | 20,622 | 9,299 | 305 | (252) | (35,750) | (1,043) |

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



Consolidated Statement of Financial Position

AT 31 DECEMBER 2014

| | Note | 31 December 2014 \$000 | 31 December 2013 \$000 |
|---|------|------------------------------|------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Intangible exploration and evaluation assets | 5 | 2,311 | 1,981 |
| Property, plant and equipment | 6 | – | 1 |
| | | 2,311 | 1,982 |
| Current assets | | | |
| Cash and cash equivalents | | 19 | 27 |
| Trade and other receivables | 7 | 39 | 287 |
| Total current assets | | 58 | 314 |
| Total assets | | 2,369 | 2,296 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 8 | 2,674 | 4,184 |
| Loans payable | 9 | 738 | 1,676 |
| Total liabilities | | 3,412 | 5,860 |
| EQUITY | | | |
| Share capital | 11 | 4,733 | 4,138 |
| Share premium | | 20,622 | 13,382 |
| Share based payment reserve | | 9,299 | 7,783 |
| Other reserves | | 305 | 79 |
| Exchange reserve | | (252) | (198) |
| Retained earnings | | (35,750) | (28,748) |
| Equity attributable to equity holders of the Company | | (1,043) | (3,564) |
| Total equity and liabilities | | 2,369 | 2,296 |

The consolidated financial statements were approved by the Board on 29 June 2015.

Steve Fletcher
Director

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



Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2014

| | Year ended 31 December 2014 \$000 | Year ended 31 December 2013 \$000 |
|--|--|--|
| Cash flow from operating activities | | |
| Continuing operations | | |
| Loss after taxation | (5,614) | (6,388) |
| Depreciation | 8 | 4 |
| Finance cost | 1,589 | 1,590 |
| Decrease/(increase) in trade and other receivables | 247 | (232) |
| Equity settled share based payments | 1,516 | 990 |
| Expenses settled in shares | – | 187 |
| Increase/(decrease) in trade and other payables | 261 | 2,164 |
| Net cash outflow from operating activities from continuing operations | (1,993) | (1,685) |
| Cash flows from investing activities | | |
| Investment in intangibles | (330) | (339) |
| Purchase of property, plant and equipment | (7) | (1) |
| Net cash outflow from investing activities | (337) | (340) |
| Cash flows from financing activities | | |
| Proceeds from issue of share capital | – | 288 |
| Finance cost | (13) | (29) |
| Loans received | 2,426 | 1,978 |
| Net cash inflow from financing activities | 2,413 | 2,237 |
| Net change in cash and cash equivalents | 83 | 212 |
| Cash and cash equivalents at beginning of period | 27 | 10 |
| Exchange differences on cash and cash equivalents | (91) | (195) |
| Cash and cash equivalents at end of period | 19 | 27 |

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 2014

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 2014 \$000 | Year ended 31 December 2013 \$000 |
|---|--|--|
| Staff costs (see note 17) | 940 | 1,074 |
| Depreciation of owned fixed assets | 8 | 4 |
| Operating lease rentals: land and buildings | 39 | 45 |
| Fees payable to the Company's auditor for the audit of the financial statements | 30 | 47 |
| 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 \$Nil (2013: \$1,000) arise in the UK and \$2,311,000 (2013: \$1,981,000) arise in Nigeria.

2 Finance costs

| | Year ended 31 December 2014 \$000 | Year ended 31 December 2013 \$000 |
|-----------------------|--|--|
| Finance costs | | |
| Finance fees | 1,576 | 1,576 |
| Late payment interest | 13 | 14 |
| | 1,589 | 1,590 |

Finance fees of \$1,576,000 are in respect of the short term loans received from unconnected third parties. Further information in respect of these loans are disclosed in note 9.

Notes to the Financial Statements

CONTINUED

3 Taxation

There is no tax charge for the year (year ended 31 December 2013: \$nil).

Unrelieved tax losses of approximately \$30,509,000 (2013: \$24,360,000) remain available to offset against future taxable trading profits. The unprovided deferred tax asset at 31 December 2014 is \$7,552,000 (2013: \$6,230,000) 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:

| | 2014 \$000 | 2014 % | 2013 \$000 | 2013 % |
|---|---------------|-----------|---------------|-----------|
| Loss before taxation | (5,614) | | (6,388) | |
| Loss multiplied by standard rate of corporation tax in the UK | (1,207) | (21.50) | (1,485) | (23.25) |
| Effect of: | | | | |
| Expenses not deductible for tax purposes | (21) | | 22 | |
| Overseas loss not recognised | (93) | | 155 | |
| Deferred tax asset not recognised | 1,322 | (21.50) | 1,308 | (23.25) |
| Total tax charge for year | – | | – | |

4 Loss per share

| | 2014 \$000 | 2013 \$000 |
|--|----------------|----------------|
| (Loss) attributable to owners of the Company | (5,614) | (6,388) |
| | 2014 Number | 2013 Number |
| Weighted average number of shares for calculating basic loss per share | 1,043,577,439 | 853,303,616 |
| | 2014 Cents | 2013 Cents |
| Basic and diluted loss per share | (0.54) | (0.75) |

There are 71,000,000 share options and 1,003,500,000 warrants outstanding, as detailed in note 10. Their effect is anti-dilutive, but are potentially dilutive against future profits.

Notes to the Financial Statements

CONTINUED

5 Intangible exploration and evaluation assets

Cost of oil and gas exploration

| | \$000 |
|--|--------------|
| Cost | |
| At 1 January 2013 | 1,642 |
| Additions | 339 |
| At 31 December 2013 | 1,981 |
| Additions | 330 |
| At 31 December 2014 | 2,311 |
| Amortisation and impairment | |
| At 1 January 2013, 31 December 2013 and 31 December 2014 | – |
| Net book value at 31 December 2014 | 2,311 |
| Net book value at 31 December 2013 | 1,981 |
| Net book value at 1 January 2013 | 1,642 |

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 2013 at \$318,000 (2013: \$318,000).

The movement in the carrying value of the liability has been shown in profit and loss in line with the accounting policy for financial liabilities.

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 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. During the year to 31 December 2013 a Volumetric Estimation report was received, which shows the field is economically viable. During the year 31 December 2014 management prepared a cashflow forecast utilising the current oil price as well as the estimated development costs to drill a well and get to production. These cash flows support 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.

Notes to the Financial Statements

CONTINUED

6 Property, plant and equipment

| | Computer equipment \$000 | Office equipment \$000 | Total \$000 |
|-----------------------------|--------------------------------|------------------------------|----------------|
| Cost | | | |
| At 1 January 2013 | 39 | 29 | 68 |
| Additions | 1 | – | 1 |
| At 31 December 2013 | 40 | 29 | 69 |
| Additions | 7 | – | 7 |
| Cost at 31 December 2014 | 47 | 29 | 76 |
| Depreciation | | | |
| At 1 January 2013 | 39 | 25 | 64 |
| Charge for the year | 1 | 3 | 4 |
| At 31 December 2013 | 40 | 28 | 68 |
| Charge for the year | 7 | 1 | 8 |
| At 31 December 2014 | 47 | 29 | 76 |
| Net book value | | | |
| Balance at 31 December 2014 | – | – | – |
| Balance at 31 December 2013 | – | 1 | 1 |
| Balance at 1 January 2013 | – | 4 | 4 |

7 Trade and other receivables

| | 31 December 2014 \$000 | 31 December 2013 \$000 |
|--------------------------------|------------------------------|------------------------------|
| Current | | |
| Trade receivables | – | 10 |
| Other receivables | 18 | 270 |
| Prepayments and accrued income | 21 | 7 |
| | 39 | 287 |

The fair value of these short term financial assets are 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. Trade receivables which were past due at 31 December 2014, of \$41,000 (2013: \$41,000) were provided for during the year ended 31 December 2012.

| | 31 December 2014 \$000 | 31 December 2013 \$000 |
|--------------------|------------------------------|------------------------------|
| Trade receivables | 41 | 51 |
| Bad debt provision | (41) | (41) |
| Total | – | 10 |

Notes to the Financial Statements

CONTINUED

8 Trade and other payables

| | 31 December 2014 \$000 | 31 December 2013 \$000 |
|----------------|------------------------------|------------------------------|
| Trade payables | 409 | 2,436 |
| Other payables | 346 | 389 |
| Accruals | 1,919 | 1,359 |
| | 2,674 | 4,184 |

Included in accruals is liability to Havoc Oil of \$191,000 for technical services provided. Payment of this amount is deferred until:

- (a) the Company secures project funding for the next phase of Ororo field development or
- (b) acquires an interest in a significant oil discovery offshore Nigeria or
- (c) accepts any proposal resulting in a change of control of the Company or
- (d) as may otherwise be mutually agreed between Havoc and Sirius.

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 balance sheet to be a reasonable approximation of their fair value.

9 Loans payable

During the year the Company received loans from several unconnected parties to fund working capital amounting to \$2,420,000 (2013: \$1,978,000), which incurred initial loan fees of \$2,146,000 (2013: \$1,943,000) and additional fees of \$455,000 (2013: \$878,000) as the loans were not repaid by their due dates. The loans are unsecured and do not bear interest.

The loan agreements and initial loan fees represent compound instruments. The fair value of the financial liability component of the arrangement was initially recognised at \$1,698,000 (2013: \$1,026,000). Associated finance charges of \$1,121,000 (2013: \$606,000) have been recognised during the period in accordance with the effective interest method. During the year \$3,765,000 (2013: \$418,000) of the debt was repaid in shares at between 2.625p and 4p. At 31 December 2014, the carrying value of the financial liability is \$738,000 (2013: \$1,676,000), including a \$8,000 (2013: \$86,000) exchange movement and is included within loans payable.

The initial loan fees may be settled, at the Group's discretion, in cash or as a fixed number of shares, to be issued at between 2.625p and 4p per share. This component represents an equity instrument and has been recognised within other reserves at the residual value of \$722,000 (2013: \$952,000), being the difference between the \$2,420,000 (2013: \$1,978,000) cash consideration received and the initial fair value of the financial liability component of \$1,698,000 (2013: \$1,026,000).

The additional loan fees may also be settled, at the Group's discretion, in cash or as a fixed number of shares. This represents an equity instrument which is recognised when the Group expects that the further fees will be incurred. Additional fees of \$455,000 (2013: \$878,000) have, therefore, been recognised in other reserves as the loans were not expected to be repaid by 31 December 2014, with the associated cost being recognised as a finance charge.

During the year ended 31 December 2014 \$2,326,000 of the initial and additional loan fees were settled by the issue of 74,777,326 ordinary shares at between 2.625p and 4p. This has resulted in a debit to other reserves of \$938,000, and a debit to the profit and loss reserve of \$1,388,000, representing the difference between the value of loan fees which were settled and the carrying value of the equity instruments in respect of these fees. There was an exchange movement of \$13,000 in the carrying value of the other reserves.

Notes to the Financial Statements

CONTINUED

9 Loans payable continued

During the year ended 31 December 2013 \$3,149,000 of the initial and additional loan fees were settled by the issue of 42,862,358 ordinary shares at 4p and 7,500,000 ordinary shares at 3.3p. This resulted in a debit to other reserves of \$2,177,000, and a debit to the profit and loss reserve of \$972,000, representing the difference between the value of loan fees which were settled and the carrying value of the equity instruments in respect of these fees.

In May 2013, the Company signed an off-take agreement with Glencore, and this included a provision of a \$65 million funding facility. Should this facility be drawn down, there is an additional 3% fee which would become payable as a finance cost at that point. This facility has not been accounted for in the Directors' assessment of going concern. This facility was terminated in 2014, and therefore no fee is due.

10 Share based payments

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 are exercisable from the date of a sale of the business or a reverse acquisition until the fifth anniversary of that date, or until ten years from the grant date. The expected life of the options varies from six months to three years. Options granted to employees are forfeited if the employee leaves the Group before the options vest.

Options granted on 5 October 2009 relate to the options granted in consideration of consultancy services provided to the Group. These have been treated as equity-settled share-based payments. These options have been valued based on the fair value of the equity instrument granted as there is no readily available fair value for the services provided due to there being no clear benchmark for the cost of these services.

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 2014 Number | 31 December 2013 Number |
|---|------------|------------------------------|------------------------|----------------------------------|-------------------------------|-------------------------------|
| At an exit event | 05-Oct-09 | 12 months | 0.053 | 0.019004 | 5,000,000 | 5,000,000 |
| At an exit event | 05-Oct-09 | 12 months | 0.051 | 0.019608 | 3,000,000 | 3,000,000 |
| At the earlier of an exit event and 12 months after readmission to AIM | 28-Feb-11 | 12 months | 0.05 | 0.015628 | 41,000,000 | 41,000,000 |
| 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 |
| The later of 12 months after readmission to AIM and an exit event | 28-Feb-11 | – | 0.05 | 0.00 | 3,000,000 | 3,000,000 |
| 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 | 17,000,000 | 17,000,000 |
| | | | | | 71,000,000 | 71,000,000 |

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 2014, 63,000,000 options were exercisable.

Notes to the Financial Statements

CONTINUED

10 Share based payments continued

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:

| | 11 October 2011 | 28 February 2011 | 5 October 2009 |
|------------------------------|---------------------------------|-----------------------|-------------------|
| Risk free rate | 0.50% | 0.50% | 0.50% |
| Share price volatility | 80% | 80% | 100% |
| Expected life | Between 6 months and 3 years | 1 year and 3 years | 1 year |
| Share price at date of grant | £0.0479 | £0.0500 | £0.0510 |

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 5 October 2009 were assumed to vest in 12 months as a transaction was expected to complete in September 2010, and the share price was expected to rise above 5.3p by that time.
- 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 Group recognised a charge of \$3,000 (year ended 31 December 2013: \$15,000) relating to these equity-settled share-based payment transactions during the year. Although the options have not yet vested the assumptions made have not been changed as the effect was not considered to be material.

These recognised expenses are not, and never will be, a cash cost to the Group but are merely an accounting charge to the income statement reflecting the theoretical cost to the Group if options are exercised in the future where the receipts from exercise are lower than if the same number of shares had been issued at the then prevailing market value. In many cases, for the theoretical cost to be accurate, the market price of the Group's shares at exercise will need to be a multiple of the current share price.

Warrants

On 30 January 2013, the Company entered into an agreement with Strand Hanson in respect of funding arrangements. Under this agreement 300,000,000 warrants would be issued at 4p, 300,000,000 at 6p and 300,000,000 warrants at 10p to Strand Hanson or their advisors upon successfully procuring funding of \$65 million. These warrants were issued on 4 May 2013 after signing the off-take agreement with Glencore.

On 3 March 2014, the Company granted Cantor Fitzgerald 1,000,000 warrants at 5p. These warrants may be exercised, in whole or in part or parts, at any time and from the date of grant until the second anniversary of the grant date.

On 7 April 2014, 5,000,000 warrants were issued to S Fletcher and 7,500,000 were issued to A Kejrival at 5p. These warrants may be exercised, in whole or in part or parts, at any time between 1 October 2014 and 31 October 2024.

At 31 December 2014, a total of 1,003,500,000 warrants were exercisable. The weighted average share price at date of exercise of the warrants was 4.5 pence. The weighted average exercise price is 6.87 pence and a weighted average remaining contractual life of 5.17 years.

Notes to the Financial Statements

CONTINUED

10 Share based payments continued

Warrants continued

At 31 December 2014, the following share warrants granted for services are outstanding in respect of the ordinary shares:

| | 2014 | | 2013 | |
|--|---------------|---|-------------|---|
| | Number | Weighted average exercise price (pence) | Number | Weighted average exercise price (pence) |
| Outstanding at 1 January | 990,000,000 | 6.87 | 90,000,000 | 8.89 |
| Granted during the year | 13,500,000 | 5.04 | 900,000,000 | 6.67 |
| Outstanding and exercisable at 31 December | 1,003,500,000 | 6.84 | 990,000,000 | 6.87 |

Each warrant is governed by the provisions of warrant instruments representing the warrants which have been adopted by the Company. 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 in respect of the 900,000,000 warrants issued in 2013 was considered to be \$975,000 being calculated as 1.5% of the \$65 million facility provided under the Glencore agreement. This amount has been included in share based payments in the statement of comprehensive income in 2013.

The fair value of the services received is considered to be comparable to the fair value of the warrants issued in 2011 and 2014. These have been valued using the Black-Scholes valuation model. The inputs into the Black Scholes model for calculating estimated fair value were:

| | 7 April 2014 | 3 March 2014 | 30 January 2013 | 11 October 2011 | 24 March 2011 | 24 March 2011 |
|------------------------------|--------------|--------------|---------------------------|-----------------|---------------|---------------|
| Risk free rate | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% |
| Share price volatility | 61.24% | 59.81% | 61.71% | 80% | 80% | 80% |
| Exercise price | £0.05 | £0.055 | £0.04/ £0.05/ £0.10 | £0.05 | £0.10 | £0.0025 |
| Share price at date of grant | £0.0288 | £0.0275 | £0.035 | £0.0479 | £0.0500 | £0.0500 |

Expected volatility was determined by calculating the historical volatility of the Company's share price using historical share prices. The warrants issued in March 2011 were expected to vest immediately, and those issued in October 2011 were expected to vest in 12 months from date of grant. 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 \$270,000 (2013: \$975,000) relating to these equity-settled share-based payment transactions during the year.

Fees for paid in shares

The Group recognised \$1,243,000 (2013: \$Nil) in respect of shares issued for services received.

Notes to the Financial Statements

CONTINUED

| 11 Share capital | 31 December 2014 \$000 | 31 December 2013 \$000 |
|--|------------------------------|------------------------------|
| Allotted, issued and fully paid | | |
| 1,098,737,213 (2013: 956,499,985) ordinary shares of 0.25p | 4,733 | 4,138 |

The movement in share capital is analysed as follows:

| | Ordinary shares | |
|----------------------------|-----------------|-------|
| | Number | \$000 |
| Allotted and issued | | |
| At 31 December 2012 | 816,904,901 | 3,580 |
| Shares issued for fees due | 128,595,084 | 514 |
| Shares issued for cash | 4,500,000 | 18 |
| Loan repayments | 6,500,000 | 26 |
| At 31 December 2013 | 956,499,985 | 4,138 |
| Shares issued for fees due | 74,777,326 | 312 |
| Loan repayments | 67,459,902 | 283 |
| At 31 December 2014 | 1,098,737,213 | 4,733 |

On 22 January 2014, 17,037,500 ordinary shares of 0.25p were issued at 4p in settlement of loan fees, 4,621,212 ordinary shares of 0.25p were issued at 3.3p in settlement of consultancy fees and 7,575,757 ordinary shares of 0.25p were issued at 3.3p in settlement of consultancy fees.

On 10 March 2014, 15,475,000 ordinary shares of 0.25p were issued at 4p in settlement of loans, 12,121,212 ordinary shares of 0.25p were issued at 3.3p in settlement of loans and 6,400,000 ordinary shares of 0.25p were issued at 3.13p in settlement of loan fees.

On 5 August 2014, 26,166,666 ordinary shares of 0.25p were issued at 3p in settlement of loans, 6,400,000 ordinary shares of 0.25p were issued at 3.13p in settlement of loans, 3,809,524 ordinary shares of 0.25p were issued at 2.625p in settlement of loan fees and 3,487,500 ordinary shares of 0.25p were issued at 2.625p in settlement of loans.

Additionally on 5 August 2014, 31,166,666 ordinary shares of 0.25p were issued at 3p in settlement of loan fees, 3,809,524 ordinary shares of 0.25p were issued at 2.625p in settlement of loan fees and 4,166,667 ordinary shares of 0.25p were issued at 3p in settlement of consultancy fees.

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 members.

12 Contingent liabilities

There were no contingent liabilities at 31 December 2014 nor at 31 December 2013.

13 Capital commitments

There were no capital commitments at 31 December 2014 or at 31 December 2013.

Notes to the Financial Statements

CONTINUED

14 Operating lease commitments

There were no commitments under non-cancellable operating leases at 31 December 2014 or at 31 December 2013.

15 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 2014, the Group had no 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 balance sheet date, as summarised below:

| | 31 December 2014 | | | 31 December 2013 | | |
|--------------------------------|--------------------------------|-------------------------------|--|--------------------------------|-------------------------------|--|
| | Loans and receivables \$000 | Non financial assets \$000 | Statement of financial position total \$000 | Loans and receivables \$000 | Non financial assets \$000 | Statement of financial position total \$000 |
| Trade receivables | – | – | – | 10 | – | 10 |
| Other receivables | 18 | – | 18 | 270 | – | 270 |
| Prepayments and accrued income | – | 21 | 21 | – | 7 | 7 |
| Cash and cash equivalents | 19 | – | 19 | 27 | – | 27 |
| Total | 37 | 21 | 58 | 307 | 7 | 314 |

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.

(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 Company bears negligible interest rate risk at 31 December 2014.

On 5 May 2015 the Company signed a convertible loan facility with Calvet International Limited which provides up to £1.5 million of funding for general working capital. On the basis that this facility is drawn in full, the cash flow projections indicate a minimum cash balance of \$300,000 over the projection period. This loan facility incurred maximum fees of \$1,800,000, in the event the loan is drawn in full, which are to be satisfied by issuing up to 180,000,000 ordinary shares at 1p, of which 70,000,000 have been issued to date. No interest is charged on the loan so there is no interest rate risk.

Notes to the Financial Statements

CONTINUED

15 Financial instruments continued

(d) Foreign currency risk

The Group operates in a number of jurisdictions and carries out transactions in US dollars, Sterling and Nigerian Naira. The Group does not have a policy to hedge arrangements 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 2014 | | | 31 December 2013 | | |
|----------------|--|---|----------------|--|---|----------------|
| | Other financial liabilities at amortised cost \$000 | Liabilities not within the scope of IAS 39 \$000 | Total \$000 | Other financial liabilities at amortised cost \$000 | Liabilities not within the scope of IAS 39 \$000 | Total \$000 |
| Trade payables | 409 | – | 409 | 2,436 | – | 2,436 |
| Other payables | 346 | – | 346 | 389 | – | 389 |
| Loans | 738 | – | 738 | 1,676 | – | 1,676 |
| Accruals | 1,919 | – | 1,919 | 1,359 | – | 1,359 |
| Total | 3,412 | – | 3,412 | 5,860 | – | 5,860 |

Maturity of financial instruments

All financial liabilities in the table above at 31 December 2014 and 31 December 2013 mature in less than one year.

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 balance sheet at 31 December 2014 at a fair value of \$318k.

Borrowing facilities for the year ended 31 December 2014

The Group has no undrawn committed borrowing facilities at 31 December 2014 (2013: \$Nil).

(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 Company's net assets are less than half its called up share capital. In these circumstances, the Directors of the Company 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 Company's current financial position. The Directors will consider this issue at the Company's forthcoming Annual General Meeting.

Notes to the Financial Statements

CONTINUED

16 Related party transactions

At 31 December 2014, O Kuti owed the Group \$1,553 (2013: \$1,649), which remains outstanding. At the year end undrawn salaries were due to J Pryde of \$236,117 (2013: \$205,313), O Kuti of \$106,796 (2013: \$8,933) and S Fletcher of \$139,806 (2013: \$30,921).

17 Employee remuneration

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

| | 2014 \$000 | 2013 \$000 |
|--------------------|---------------|---------------|
| Wages and salaries | 891 | 992 |
| Social security | 44 | 78 |
| Benefits in kind | 5 | 4 |
| | 940 | 1,074 |

The Directors are the Key Management Personnel of the Group. Details of Directors' remuneration are included in the Report on Remuneration on pages 13 and 14.

The average number of employees during the year were:

| | 2014 No. | 2013 No. |
|-----------|-------------|-------------|
| Directors | 4 | 4 |
| Other | 8 | 8 |
| | 12 | 12 |

18 Events after the balance sheet date

On 3 March 2015, 11,304,348 ordinary shares of 0.25p were issued at 2.875p in settlement of loan arrangement fees, 7,500,000 ordinary shares of 0.25p were issued at 2.0p in settlement of loan arrangement fees, 6,956,522 ordinary shares of 0.25p were issued at 2.875p in settlement of loans, 2,727,273 ordinary shares of 0.25p were issued at 2.275p in settlement of loans, 4,000,000 ordinary shares of 0.25p were issued at 2.5p in settlement of loans, 2,500,000 ordinary shares of 0.25p were issued at 2.0p in settlement of loans, and 8,900,000 ordinary shares of 0.25p were issued at 1.0p in settlement of fees and expenses invoiced.

On 1 May 2015, 35,000,000 ordinary shares of 0.25p were issued at 1.0p in settlement of fees.

On 8 May 2015, 50,000,000 ordinary shares of 0.25p were issued at 1.0p in settlement of loan arrangement fees and 20,000,000 ordinary shares of 0.25p were issued at 1.0p in settlement of loans.

On 22 June 2015, 40,000,000 ordinary shares of 0.25p were issued at 0.8p in settlement of advisory fees, 10,000,000 ordinary shares of 0.25p were issued at 1p in settlement of loan fees and 10,000,000 ordinary shares of 0.25p were issued at 1p in settlement of loans.

Following these share issues there are 1,307,625,356 ordinary shares of 0.25p in issue, each of which is a voting share.



Notes to the Financial Statements

CONTINUED

19 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 Energy Trading Limited | 100% | Dormant | England and Wales |
| Sirius Taglient Petro Limited | 50% | E & P 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 2012 Limited | 100% | Exploration for mineral resources | Nigeria |

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Sirius Petroleum plc

**Company Statutory
Financial Statements**
(prepared under UK GAAP)

for the year ended 31 December 2014



Statement of Directors' Responsibilities

FOR THE YEAR ENDED 31 DECEMBER 2014

Company statement of directors' responsibilities

The Directors are responsible for preparing the Company financial statements ("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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). The financial statements are required by law to give a true and fair view of the state of affairs of the Company. 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

The Directors confirm that:

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

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

Company number: 05181462



Report of the Independent Auditors

TO THE MEMBERS OF SIRIUS PETROLEUM PLC

We have audited the parent company financial statements of Sirius Petroleum plc for the year ended 31 December 2014 which comprise the principal accounting policies, the parent company balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 42 the Directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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



Report of the Independent Auditors

TO THE MEMBERS OF SIRIUS PETROLEUM PLC
CONTINUED

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.

Other matter

We have reported separately on the Group financial statements of Sirius Petroleum plc for the year ended 31 December 2014.

David Munton

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Birmingham

29 June 2015



Principal Accounting Policies

FOR THE YEAR ENDED 31 DECEMBER 2014

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards.

The principal accounting policies of the Company are set out below and remain unchanged from the previous period.

Going concern

The Directors have prepared cash flow projections for the period up to 30 June 2016. 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. The payment of accrued Directors' remuneration and certain of the Directors' remuneration payable in respect of the current year has been excluded as the Directors have agreed to defer payment until such time as funds are available. The projections also 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.

On 5 May 2015, the Company signed a convertible loan facility with Calvet which provides up to £1.5 million (\$2.4 million) of funding for general working capital. The Company has drawn down £200,000 to date in respect of the Calvet Facility. As the Company has secured a further loan of £100,000 from a different third party, they have agreed that the Calvet Facility would be reduced by £100,000. On the basis that the remaining £1.2 million of this facility is drawn in full, the cash flow projections indicate that the Group has sufficient headroom to meet its working capital requirements.

On the basis of the assumptions above and following a detailed review by the Directors of the Company's cash flow forecast, the Directors believe that the Company has 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.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. The depreciation is calculated to write off the cost of the fixed asset of its useful life as follows:

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

Investments

Investments in subsidiary undertakings are recorded at cost less provision for impairment.

Impairment

Impairment reviews are undertaken when there are potential indicators of impairment and provisions against the carrying value made as appropriate.

Operating leases

Payments made under operating leases are charged to the profit and loss account on a straight line basis over the lease term.



Principal Accounting Policies

CONTINUED

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Financial instruments

Financial instruments in the scope of FRS 26 are classified as either financial assets or liabilities at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. When financial instruments are recognised initially, they are measured at fair value after taking account of directly attributable transaction costs.

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

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability. Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Share based payments

Options

All share-based payment arrangements are recognised in the Company's financial statements. The Company issues equity-settled share-based payments to certain employees (including directors). 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.

Warrants

The Group has also issued equity settled share-based payments to certain employees (including directors), and in respect of services provided from 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.



Principal Accounting Policies

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Fees and loans settled in shares

Where shares have been issued as consideration for services or loans provided 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.

Foreign currencies

The functional currency of the parent Company is GBP. However, for presentation purposes, the Company financial statements are prepared in United States dollars. The Company has selected a presentation currency that differs from the functional currency of the parent Company as it is expected that in the future the parent Company will generate revenues and its main trading will be in United States dollars, but at the current time it incurs mainly overhead costs denominated in GBP.

Foreign currency transactions are translated into the presentational currency, USD, at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated to the presentational currency at the rates of exchange ruling at the reporting date. 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 profit and loss account.



Balance Sheet

AT 31 DECEMBER 2014

| | Note | 31 December 2014 \$000 | 31 December 2013 \$000 |
|--|------|------------------------------|------------------------------|
| Fixed assets | | | |
| Tangible fixed assets | 2 | – | 1 |
| Current assets | | | |
| Cash at bank and in hand | | 15 | 28 |
| Debtors due within one year | 3 | 30 | 282 |
| Total current assets | | 45 | 310 |
| Creditors: Amounts falling due within one year | 4 | (2,933) | (5,217) |
| Net current liabilities | | (2,938) | (4,907) |
| Total assets less current liabilities and net liabilities | | (2,938) | (4,906) |
| Equity | | | |
| Called up share capital | 6 | 4,733 | 4,138 |
| Share premium account | 8 | 20,622 | 13,382 |
| Other reserves | 8 | 305 | 79 |
| Share based payment reserve | 8 | 9,299 | 7,783 |
| Profit and loss account | 8 | (37,897) | (30,288) |
| Equity shareholders' funds | 7 | (2,938) | (4,906) |

The financial statements were approved by the Board on 29 June 2015.

Steve Fletcher

Director

Company number: 05181462

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 2014

1 Fixed asset investments

| | Investment in group undertakings \$000 |
|--|---|
| Cost | |
| At 31 December 2013 and 31 December 2014 | 19,260 |
| Amounts written off | |
| At 31 December 2013 and 31 December 2014 | 19,260 |
| Net book value at 31 December 2013 and 31 December 2014 | – |

At 31 December 2014 the Company holds ordinary share capital in the following subsidiary undertakings:

| Subsidiary | Proportion of ordinary share capital held | Nature of business | Country of incorporation |
|--------------------------------|---|--------------------------------------|--------------------------|
| Sirius Oil & Gas Limited | 100% | Dormant | England and Wales |
| Sirius Energy Trading Limited | 100% | Dormant | England and Wales |
| Sirius Taglient Petro Limited | 50% | E & P 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 2012 Limited | 100% | Exploration for mineral resources | Nigeria |

At 31 December 2014 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

2 Tangible fixed assets

| | Computer equipment \$000 | Office equipment \$000 | Total \$000 |
|-----------------------------|--------------------------------|------------------------------|----------------|
| Cost | | | |
| At 31 December 2012 | 23 | 8 | 31 |
| Additions | – | – | – |
| At 31 December 2013 | 23 | 8 | 31 |
| Additions | 7 | – | 7 |
| Cost at 31 December 2014 | 30 | 8 | 38 |
| Depreciation | | | |
| At 31 December 2012 | 23 | 5 | 28 |
| Charge for the year | – | 2 | 2 |
| At 31 December 2013 | 23 | 7 | 30 |
| Charge for the year | 7 | 1 | 8 |
| At 31 December 2014 | 30 | 8 | 38 |
| Net book value | | | |
| Balance at 31 December 2014 | – | – | – |
| Balance at 31 December 2013 | – | 1 | 1 |
| Balance at 1 January 2013 | – | 3 | 3 |

3 Debtors

| | 31 December 2014 \$000 | 31 December 2013 \$000 |
|------------------------------------|------------------------------|------------------------------|
| Trade debtors | – | 10 |
| Other debtors | 13 | 265 |
| Amounts owed by Group undertakings | – | – |
| Prepayments and accrued income | 17 | 7 |
| | 30 | 282 |

Given the uncertainty of the recoverability of the amounts owed by Group undertakings management have provided in full for the outstanding balance of \$4,791,000.

Notes to the Financial Statements

CONTINUED

| 4 Creditors: amounts falling due within one year | 31 December 2014 \$000 | 31 December 2013 \$000 |
|--|------------------------------|------------------------------|
| Trade creditors | 309 | 2,192 |
| Social security and other taxes | 11 | 24 |
| Other creditors | 6 | 1 |
| Loans | 738 | 1,676 |
| Accruals and deferred income | 1,919 | 1,324 |
| | 2,983 | 5,217 |

Included in accruals is a liability to Havoc Oil of \$191,000 for technical services provided. Payment of this amount is deferred until:

- (a) the Company secures project funding for the next phase of Ororo field development or
- (b) acquires an interest in a significant oil discovery offshore Nigeria or
- (c) accepts any proposal resulting in a change of control of the Company or
- (d) as may otherwise be mutually agreed between Havoc and Sirius.

During the year the Company received loans from several unconnected parties to fund working capital amounting to \$2,420,000 (2013: \$1,978,000), which incurred an initial loan fee of \$1,891,000 (2013: \$1,943,000) and additional fees of \$455,000 (2013: \$878,000) as the loans were not repaid by their due dates. The loans are unsecured and do not bear interest.

During the year ended 31 December 2014 \$2,326,000 (2013 \$3,149,000) of the initial and additional loan fees were settled by the issue of 74,777,326 ordinary shares at between 2.625p and 4p, (2013: 42,862,358 ordinary shares at 4p and 7,500,000 ordinary shares at 3.3p). Additionally \$3,765,000 (2013: \$418,000) of the debt was repaid in shares at between 2.625p and 4p.

For details of the treatment on these loans see note 9 in the consolidated group accounts.

5 Share based payments

Details of share based payments are disclosed on pages 32 to 34 of the consolidated group accounts.

Notes to the Financial Statements

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| | | | |
|--|----------------------|---------------------------------------|---------------------------------------|
| 6 | Share capital | 31 December 2014 \$000 | 31 December 2013 \$000 |
| <hr/> | | | |
| Allotted, issued and fully paid | | | |
| 1,098,737,213 (2013: 956,499,985) ordinary shares of 0.25p | | 4,733 | 4,138 |
| <hr/> | | | |

The movement in share capital is analysed as follows:

| | Ordinary shares | |
|----------------------------|-----------------|-------|
| | Number | \$000 |
| <hr/> | | |
| Allotted and issued | | |
| At 31 December 2012 | 816,904,901 | 3,580 |
| Shares issued for fees due | 128,595,084 | 514 |
| Shares issued for cash | 4,500,000 | 18 |
| Loan repayments | 6,500,000 | 26 |
| <hr/> | | |
| At 31 December 2013 | 956,499,985 | 4,138 |
| Shares issued for fees due | 74,777,326 | 312 |
| Loan repayments | 67,459,902 | 283 |
| <hr/> | | |
| At 31 December 2014 | 1,098,737,213 | 4,733 |
| <hr/> | | |

On 22 January 2014, 17,037,500 ordinary shares of 0.25p were issued at 4p in settlement of loan fees, 4,621,212 ordinary shares of 0.25p were issued at 3.3p in settlement of consultancy fees and 7,575,757 ordinary shares of 0.25p were issued at 3.3p in settlement of consultancy fees.

On 10 March 2014, 15,475,000 ordinary shares of 0.25p were issued at 4p in settlement of loans, 12,121,212 ordinary shares of 0.25p were issued at 3.3p in settlement of loans and 6,400,000 ordinary shares of 0.25p were issued at 3.13p in settlement of loan fees.

On 5 August 2014, 26,166,666 ordinary shares of 0.25p were issued at 3p in settlement of loans, 6,400,000 ordinary shares of 0.25p were issued at 3.13p in settlement of loans, 3,809,524 ordinary shares of 0.25p were issued at 2.625p in settlement of loan fees, 3,487,500 ordinary shares of 0.25p were issued at 2.625p in settlement of loans.

Additionally on 5 August 2014, 31,166,666 ordinary shares of 0.25p were issued at 3p in settlement of loan fees, 3,809,524 ordinary shares of 0.25p were issued at 2.625p in settlement of loan fees and 4,166,667 ordinary shares of 0.25p were issued at 3p in settlement of consultancy fees.

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 members.

Notes to the Financial Statements

CONTINUED

7 Reconciliation of movement in equity shareholders' funds/(deficit)

| | 31 December 2014 \$000 | 31 December 2013 \$000 |
|--|------------------------------|------------------------------|
| Loss for financial period | (6,221) | (9,467) |
| Share based payments | 1,516 | 990 |
| Transfer to profit & loss on settlement of loan fees | (1,388) | (1,078) |
| Transfer to other reserves | 226 | 79 |
| Issue of shares net of costs | 7,835 | 3,875 |
| Net increase/(decrease) in shareholders' funds | 1,968 | (5,601) |
| Equity shareholders' (deficit)/funds brought forward | (4,906) | 695 |
| Equity shareholders' funds carried forward | (2,938) | (4,906) |

8 Reserves

| | Share premium \$000 | Share based payment reserve \$000 | Other reserves \$000 | Profit and loss account \$000 |
|---|---------------------------|--|----------------------------|-------------------------------------|
| At 31 December 2013 | 13,382 | 7,783 | 79 | (30,288) |
| Share based payment | – | 1,516 | – | – |
| Share issue | 7,240 | – | – | – |
| Transfer to other reserves | – | – | 226 | – |
| Transfer to profit and loss on settlement of loan fees | – | – | – | (1,388) |
| Loss for the period | – | – | – | (6,221) |
| At 31 December 2014 | 20,622 | 9,299 | 305 | (37,897) |

9 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 \$6,221,224 (2013: \$9,466,521).

| | 31 December 2014 \$000 | 31 December 2013 \$000 |
|---|------------------------------|------------------------------|
| Fees payable to the Company's auditor for the audit of the financial statements | 30 | 47 |
| Fees payable to the Company's auditor and its associates for other services: | | |
| Other services relating to taxation compliance | 4 | 4 |

10 Directors remuneration

Details of the Directors' remuneration is disclosed within the Report on Remuneration on pages 13 and 14.

11 Contingent liabilities

There were no contingent liabilities at 31 December 2014 nor at 31 December 2013.



Notes to the Financial Statements

CONTINUED

12 Capital commitments

There were no capital commitments at 31 December 2014 nor at 31 December 2013.

13 Related party transactions

At 31 December 2014 O Kuti owed the Group \$1,553 (2013: \$1,649), which remains outstanding. At the year end undrawn salaries were due to J Pryde of \$236,117 (2013: \$205,313), O Kuti of \$106,796 (2013: \$8,933) and S Fletcher of \$139,806 (2013: \$30,921).

During the year, the Company made loans of \$870,141 (2013: \$321,391) to Sirius Taglient Petro Limited (a subsidiary undertaking) for cash advances to cover operating expenses and invoices paid on their behalf. At 31 December 2014, Sirius was owed \$2,617,593 (2013: \$1,747,452) from Sirius Taglient Petro Limited, which has been provided for in full.

The company has taken advantage of the exception available under FRS8 Related Party Disclosures with respect to transactions with wholly owned subsidiaries.

14 Post balance sheet events

On 3 March 2015, 11,304,348 ordinary shares of 0.25p were issued at 2.875p in settlement of loan arrangement fees, 7,500,000 ordinary shares of 0.25p were issued at 2.0p in settlement of loan arrangement fees, 6,956,522 ordinary shares of 0.25p were issued at 2.875p in settlement of loans, 2,727,273 ordinary shares of 0.25p were issued at 2.275p in settlement of loans, 4,000,000 ordinary shares of 0.25p were issued at 2.5p in settlement of loans, 2,500,000 ordinary shares of 0.25p were issued at 2.0p in settlement of loans, and 8,900,000 ordinary shares of 0.25p were issued at 1.0p in settlement of fees and expenses invoiced.

On 1 May 2015, 35,000,000 ordinary shares of 0.25p were issued at 1.0p in settlement of fees.

On 8 May 2015, 50,000,000 ordinary shares of 0.25p were issued at 1.0p in settlement of loan arrangement fees and 20,000,000 ordinary share of 0.25p were issued at 1.0p in settlement of loans.

On 22 June 2015, 40,000,000 ordinary shares of 0.25p were issued at 0.8p in settlement of advisory fees, 10,000,000 ordinary shares of 0.25p were issued at 1p in settlement of loan fees and 10,000,000 ordinary shares of 0.25p were issued at 1p in settlement of loans.

Following these share issues there are 1,307,625,356 ordinary shares of 0.25p in issue, each of which is a voting share.



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