

ANGLO AFRICAN OIL & GAS plc

ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2019

THURSDAY



A9EQDCII

A27

01/10/2020

#252

COMPANIES HOUSE

CONTENTS

	Pages
Company Information	1
Chair's Letter	2
Group Strategic Report	5
Directors' Report	9
Corporate Governance Report	13
Independent Auditor's Report	24
Consolidated Statement of Comprehensive Income	29
Consolidated Statement of Financial Position	30
Consolidated Statement of Changes in Equity	31
Consolidated Statement of Cash Flows	32
Company Statement of Financial Position	33
Company Statement of Changes in Equity	34
Company Statement of Cash Flows	35
Notes to the Consolidated Financial Statements	36

COMPANY INFORMATION

Directors	David G F Sefton (resigned on 12 September 2019) Anthony J Berwick (resigned on 16 December 2019) James A Cane (resigned on 18 March 2020) Philip J Beck Nicholas J Butler (resigned on 13 January 2020) Sarah Cope Brian M Moritz (resigned on 3 January 2020) Dexter Stewart N Ferreira (appointed on 18 March 2020) Tania A Maciver (appointed on 18 March 2020)
Company secretary	Cargil Management Services Limited 27-28 Eastcastle Street London W1W 8DH
Company number	04140379
Registered office	27-28 Eastcastle Street London W1W 8DH
Website	www.aaog.com
Nominated advisor and broker	FinnCap Limited 60 New Broad Street London EC2M 1JJ
Solicitors (UK)	Hill Dickinson LLP The Broadgate Tower 20 Primrose Street London EC2A 2EW
Independent Auditors	Crowe U.K. LLP St Bride's House 10 Salisbury Square London EC4Y 8EH
Registrars	Share Registrars Limited The Courtyard 17 West Street Farnham Surrey GU19 7DR

Dear Shareholder,

This annual report covers the twelve months to 31 December 2019 which was a year of very mixed fortunes for the Company and its shareholders. Whilst the year began well with some encouraging drilling results from the Tilapia 103C well, ultimately the lack of capital meant the Company was unable to commence the planned drilling programme on TLP 103CST which was intended to increase the production from the Tilapia Field.

There were two main reasons that lead to the shortfall in capital. Firstly, the budget for the planned work programme required recovery of the contributions due from Société Nationale des Pétroles du Congo ("SNPC") (AAOGC's partner in the Tilapia Field with a 44% interest) and timely future contributions by SNPC towards its cost. SNPC had been following a repayment programme and had repaid approximately \$5 million of the \$10 million debt between March 2019 and September 2019. While the Company pressed SNPC hard for repayment of the remainder, it did not receive any further repayments from SNPC.

Additionally due to the lower than expected share price performance, this ultimately reduced the anticipated payments under the Investor Sharing Agreement, announced on 17 July 2019, meant there was a significant shortfall in the budget and the work programme could not proceed.

The Company took steps to substantially reduce the costs within the business and reviewed its financing options to enable it to secure the longer-term viability of the Company given the limited cash resources available. However, having been advised that it was highly unlikely to generate the support necessary to raise the required amount of traditional equity financing the Board, faced with very limited cash resources and unable to fund the ongoing operational costs and liabilities of AAOG and AAOG Congo, and having considered the alternatives in detail with its advisers, took the decision that the best option for Ordinary Shareholders was to find a buyer for Anglo African Oil & Gas Congo S.A.U ("AAOG Congo") the Company's Congolese subsidiary which held the working interest in the Tilapia Asset.

The Company entered into a conditional sale and purchase agreement ("SPA") with Zenith Energy Ltd for the sale of an 80% interest in AAOG Congo which holds a 56% interest in Tilapia in the Republic of the Congo ("Disposal").

The consideration for the Disposal was £1 million, of which £500,000 was in six equal monthly cash instalments from the date of completion and £500,000 of Zenith Ordinary Shares. In addition, Zenith was to fund AAOG's share of a US\$5.5 million work programme on Tilapia and fund the upfront cash element of any signature bonus payable for the new licence negotiated with Congolese Ministry of Hydrocarbons.

The Disposal would have resulted in AAOG retaining a carried interest in AAOG Congo without the requirement to raise additional funds for the future work programme.

The Company had anticipated that completion of the Disposal would take place swiftly following the shareholders' meeting in January 2020. Indeed, AAOG's cash position did not at the time allow for the completion of the Disposal to be delayed much beyond that. Disappointingly, Ministerial consent in the Republic of Congo to the change of control of AAOGC, a condition to the Disposal, was not forthcoming. Neither AAOG nor Zenith could say with any certainty when such consent would be forthcoming, particularly in light of the COVID-19 pandemic which restricted the ability to meet with officials and progress matters.

AAOGC's creditor position in December 2019 was circa \$3 million and the team in country was continuing operations and managing the creditors carefully with the cash that AAOG had been able to contribute as well as receipts from the sale of oil production from the Tilapia field. Since 20 January 2020, AAOG's primary cash source has been its strategic investor, Forum Energy Services Limited ("Forum"). Forum has indicated to the Board of AAOG that it was not prepared to fund any further cash calls from AAOGC given the uncertainty outlined above. This coupled with the collapse in the oil price in March 2020 and the impact of the COVID-19 pandemic meant a worsening financial position for AAOGC.

The Board of AAOG faced the very real prospect of AAOGC falling into some form of insolvency procedure which would obviously mean the Disposal would not complete and the Company would receive none of the consideration from Zenith.

Given the uncertainty as to the timing of completion of the Disposal, as well as no certainty on when AAOG could expect to receive funds from Zenith and when Zenith would assume AAOGC's liabilities and running costs pursuant to the Disposal, the Company and Zenith therefore entered into an agreement in April 2020 to accelerate the assumption by Zenith of the running costs and liabilities of AAOGC, as well as amend the terms of the consideration payable pursuant to the Disposal (the "Consideration") and the terms of Completion.

The Company agreed to Dispose of 100% of AAOG's interest in AAOGC rather than the 80% originally envisaged. The Consideration was amended to £200,000 which was paid in cash. The payment of the Consideration was not conditional on Ministerial consent. Zenith therefore acquired 100% of AAOGC on 3 May 2020 and assumed responsibility for all liabilities within and ongoing costs associated with AAOGC from that Date. As a result, shareholders in AAOG no longer have any exposure to the Tilapia asset or its liabilities or receivables.

The Disposal constituted a fundamental change of business of the Company as the Company ceased to own, control or conduct all or substantially all, of its existing trading business, activities or assets. The Company is now therefore an AIM Rule 15 cash shell and as such will be required to make an acquisition or acquisitions which constitutes a reverse takeover under AIM Rule 14 (including seeking re-admission as an investing company (as defined under the AIM Rules)) on or before the date falling six months from 5 May 2020 or be re-admitted to trading on AIM as an investing company under the AIM Rules (which requires the raising of at least £6 million) failing which, the Company's Ordinary Shares will then be suspended from trading on AIM pursuant to AIM Rule 40. Admission to trading on AIM will be cancelled six months from the date of suspension should the reason for the suspension not have been rectified.

The Company is now actively seeking an acquisition of an asset or a company with the ability to increase value for shareholders and the Board is actively reviewing opportunities.

TLP-101, TLP-102 & TLP103C

Due to financial restraints in market conditions, the Company was not in a strong enough financial position to further develop the field.

The board therefore decided it was in the best interests of the Company and the employees of Anglo African Oil & Gas Congo SAU (AAOGC) to market the Company for sale.

In May 2020 after a turbulent few months, with the onset of the Covid-19 pandemic and the resulting collapse of the oil price, the 100% owned subsidiary AAOGC was sold for £200,000.

Results for the year

The Group's loss for the year of £19.4 million including a £10.5 million loss from discontinued operations.

With the sale of AAOGC the Company has now drastically reduced costs, as it seeks new opportunities.

Finance

To protect the interests of its members the Company has entered into a convertible loan note and raised equity finance since the end of the reporting period, details in note 26.

The Company continues to discuss finance options with external investors and its major shareholder.

Nevertheless, we accept that, at the date of this report, there is a material uncertainty in respect of going concern, which is acknowledged in the financial statements.

COVID-19 Statement

Following the outbreak of Coronavirus (COVID-19), the priority of the Company has been on the health and safety of its employees and technical staff. Like many organisations, plans have been implemented and active measures have been taken to mitigate risk, such as closing the office, no one-to-one contact and numerous telephone meetings. Note 26 details the events since the end of the reporting period.

Overall strategy

With the sale of its only asset in May 2020, the Company is currently an AIM Rule 15 cash shell and is currently looking at opportunities for acquisitions that will establish a near term cash generating business in the natural resources sector.

The board will keep shareholders informed of its progress on a regular basis.

Sarah Cope

Non-Executive Chair

8 September 2020

ANGLO AFRICAN OIL & GAS plc

GROUP STRATEGIC REPORT

Group strategic report for the year ended 31 December 2019

The Directors present the strategic report of Anglo African Oil & Gas plc ("**AAOG**" or the "**Company**") for the year ended 31 December 2019. The Company was incorporated in England and Wales on 12 January 2001.

Principal activity

The Group owned a 100 per cent of an oil and gas company, Anglo African Oil & Gas Congo SAU (AAOGC), situated in the Republic of the Congo ("**the Congo**"). Through AAOGC it held a 56 per cent stake in the producing Tilapia oil field ("**Tilapia**") in the Congo.

Subsequently to the year-end AAOGC has been disposed of and the Company is an AIM Rule 15 cash shell, seeking opportunities in the natural resources sector.

Group Strategy

The board intends to continue seeking new opportunities in the natural resources sector.

Review of the year

The results for the year will be disappointing for investors with the disposal of the Group's only asset at a considerable loss. The Chair's letter on page 2 gives a review of the year. /

Financial Results

The Group reports a loss of £19.4 million for the year to 31 December 2019, this can be summarised as follows:

- Loss from operating activities £4.2 million
- Finance costs from raising of finance £4.7 million /
- Loss from discontinued operations £10.5 million /

Key Performance Indicators (KPIs)

In 2019 the sole KPI of the Company, was an increase in barrels of oil per day, at Tilapia field, the forecast increase was never achieved and subsequently to the year-end the asset was sold.

The Company is currently focused exclusively on cost reductions, until it finalises its search for new opportunities. Progress has been made with the sale of AAOGC, reduction in staff numbers and the termination of property leases. /

Personnel

As part of its cost reduction exercise the board has been substantially reduced during 2019 and subsequently.

We believe the new board we have created, will support the acquisition and financing of new opportunities in the natural resources sectors.

Fundraise

The Company has raised some low-level finance, to support the costs of repaying creditors and administrative expenses until we have established its future development, as detailed in note 26.

Significant events after the balance sheet date

Since the balance sheet date, the Company has sold its 100% subsidiary Anglo African Oil & Gas Congo SAU, and is now an AIM Rule 15 cash shell.

Further details of events since the end of the reporting period are contained in note 26.

Review of business and financial performance

The Board has reviewed whether the Annual Report, taken as a whole, presents a fair, balanced and comprehensive summary of the Group's position and prospects.

Information on the financial position and development of the Group is set out in the Chair's letter, this report, the Directors' report and the annexed financial statements.

Risks and uncertainties

The Board frequently reviews the risks to which the Group is exposed and ensures, through its meetings and regular reporting, that these risks are minimised as far as possible.

The principal risks and uncertainties facing the Group, at this stage in its development are:

Strategic

A weak or poorly executed development process fails to create shareholder value. This risk is mitigated through performing a detailed technical review, both internally by management and externally by advisers before an acquisition decision is taken.

Financial Risk

The lack of ability to meet financial obligations. The main risk is the lack of funds being available to pay for future acquisitions and operational commitments.

The Company previously raises its funds through the financial market by share issues and did not become involved in derivatives and borrowing to fund its financial obligations.

In 2020 the Company entered into an unsecured convertible loan note, to meet its working capital commitments, this is considered a temporary measure until an acquisition has been completed.

The Company is considering and is in communication with a number of possible sources of funds.

External Risk: Lack of growth caused by political, industry or market factors

The Company is not currently operational.

The outbreak of COVID-19 in early 2020 presents a possible risk for delays in acquisitions and future funding.

Bribery risk

The Group has adopted an anti-corruption policy and whistle-blowing policy under the Bribery Act 2010. Notwithstanding this, the Company may be held liable for offences under that act committed by its employees or subcontractors, whether or not the Company or the Directors have knowledge of the commission of such offences.

Internal controls and risk management

The Directors are responsible for the Group's system of internal financial control. Although no system of internal financial control can provide absolute assurance against material misstatement or loss, the Group's system is designed to provide reasonable assurance that problems are identified on a timely basis and dealt with appropriately.

In carrying out their responsibilities, the Directors have put in place a framework of controls to ensure, as far as possible, that (i) ongoing financial performance is monitored in a timely manner, (ii) where required, corrective action is taken and (iii) risk is identified as early as practically possible. The Directors have reviewed the effectiveness of internal financial control and believe that the Company has adequate staff and controls in place to reduce risk.

The Board, subject to delegated authority, reviews capital investment, property sales and purchases, additional borrowing facilities, guarantees and insurance arrangements.

Section 172 Statement

Throughout the year the Company has engaged with its key stakeholders and has incorporated their feedback into the Board's main strategic decisions.

The main principal areas of strategic focus has been on the production from Tilapia and on new asset opportunities.

The Company's strategies, results and ongoing developments are communicated to shareholders and other stakeholders through the Company's website, incorporating Stock Exchange public releases and presentation material. The Board of Directors are made aware of shareholder comments and feedback. Shareholders are encouraged, where possible, to attend the annual AGM to offer direct feedback to all the Company's Directors.

Under section 172, Directors have a duty to promote the success of the company for the benefit of the members as a whole and, in doing so, they should have regard to (amongst other matters) six specified areas that relate, by-and-large, to wider stakeholder interest:

Likely consequences of any decision in the long term

The Company's activities focused solely on its oil and gas activities in the Republic of Congo, which ultimately was disposed of in May 2020.

Interests of Company's employees

Given the nature of the Company's business most of the Companies employees were in the Republic of Congo employed by AAOGC, it was decided in the best interest of those employees to sell AAOGC for their future employment, as the Company could no longer afford operations at the AAOGC level. Currently all employees are Directors. The Board recognises that the Company's employees are, nevertheless, critical to the success of the Company and takes steps to ensure that the interests of employees are protected.

Need to foster the Company's business relationships with suppliers, customers and others

The Company recognises the importance of fostering strong relationships with its stakeholders in order to create sustainable long-term value, and the Board encourages active dialogue and transparency with all its stakeholder groups. The Company acknowledges the importance of maintaining good relations with its suppliers and creditors and communications with them on a regular basis.

Impact on the environment and the community

The Company is committed to the highest standards of health, safety and environmental protection. These aspects command equal prominence with other business considerations.

The desirability of the Company maintaining a reputation for high standards of business conduct

The Board believes that its reputation will follow from ensuring that appropriate governance structures are in place and from taking the right decisions, as noted in the factors above.

The need to act fairly as between members of the Company

As an AIM quoted Company, the Company is subject to governance requirements and rules (including the AIM Rules for Companies and the Market Abuse Regulation) which are intended to ensure that shareholders are treated fairly. The Board takes its obligations to comply with these requirements seriously and has regular contact with its experienced professional advisers to ensure that these requirements are satisfied.

Forward-looking statements

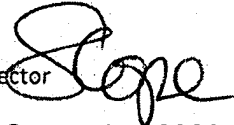
This annual report contains certain forward-looking statements that have been made by the Directors in good faith, based on the information available at the time of the approval of the annual report. By their nature, such forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ from those expressed in such statements.

ANGLO AFRICAN OIL & GAS plc
GROUP STRATEGIC REPORT

Outlook

The Company Continues to seek new business opportunities.

On behalf of the Board:

Director 
8 September 2020

The Directors present their report together with the audited financial statements of Anglo African Oil & Gas Plc and its subsidiaries for the year ended 31 December 2019.

A review of the business, future developments, subsequent events and risks and uncertainties is included in the strategic report.

Results

The Group reports a total comprehensive loss for the year to 31 December 2019 after tax of £19.4 million (2018: loss £11.8 million).

Dividends

The Directors do not recommend payment of a dividend for the year to 31 December 2019 (2018: £nil).

Political donations

There were no political donations during the year (2018: £nil).

Audit Committee

In 2019 Sarah Cope (Chair) and Brian Moritz were the members of the committee, Philip Beck replaced Brian Moritz in 2020.

Responsibilities

The main responsibilities of the committee are to monitor the integrity of the Company's financial statements and other formal announcements relating to the Company's financial performance. The committee also approves the risk management policy and reviews the Group's strategic risks and any mitigation actions. It regularly monitors whether effective risk management and appropriate internal controls are in place.

Financial reporting

The committee reviews and evaluates, based on the financial statements, whether the Company is a going concern and communicates to the Board its findings and recommendations. The Board is responsible for presenting a fair, balanced and understandable assessment of the Group's position and prospects.

Report

During the year, the committee received and reviewed reports from the finance director, other members of management and external auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group.

The Executive Chair and Finance Director are invited to attend parts of meetings, with other senior financial managers required to attend when necessary. The external auditors attended meetings to discuss the planning and conclusions of their work and meet the members of the committee. The committee was able to call for information from management and consults with the external auditors directly as required.

The objectivity and independence of the external auditors was safeguarded by reviewing the auditors' formal declarations, monitoring relationships between key audit staff and the Company, and tracking the level of non-audit fees payable to the auditors. Significant attention was given to the level of non-audit fees provided.

As noted above, the Committee met two times during the year, to review the 2018 annual accounts and the interim accounts to 30 June 2019 and audit planning for the year ended 31 December 2019. The committee reviewed with the independent auditor its judgments as to the acceptability of the Company's accounting principles.

DIRECTORS' REPORT

Since the year-end, the committee has met the auditors to consider the 2019 financial statements. In particular, the committee discussed the significant audit risks, application of the new accounting standards. The committee reviewed and discussed the auditor's comments on improvements that could be made to the internal controls. In addition, the committee monitors the auditor firm's independence from Company management and the Company.

Remuneration committee

Nicholas Butler (Chair) and Philip Beck sat on the Committee management. The committee approved the awards of share options to Directors and senior executives, and reviewed remuneration and benefits to ensure that they were competitive. The remuneration committee did not meet during 2019, due to the financial restraints imposed upon the Company.

Directors

The following Directors served during the year to 31 December 2019:

Name	Date of resignation
David G F Sefton	12 September 2019
Anthony J Berwick	16 December 2019
James A Cane	
Philip J Beck	
Nicholas J Butler	
Sarah Cope	
Brian M Moritz	

Directors' Interests

The beneficial interests of the Directors holding office at 31 December 2019 in the issued share capital of the Company were as follows:

	Ordinary shares of 5p each		Ordinary shares of 1p each	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
B M Moritz	1,486,634	1,486,634	-	-
N Butler	312,500	312,500	-	-

Directors' Remuneration Report

This report sets out the remuneration policy operated by the Company in respect of the Executive and Non-Executive Directors. The remuneration policy is the responsibility of the Remuneration Committee, a sub-committee of the Board. No Director is involved in discussions relating to their own remuneration.

Remuneration policy

The objective of the proposed remuneration policy is to attract, retain and motivate high calibre executives to deliver outstanding shareholder returns and at the same time maintain an appropriate compensation balance with the other employees of the Group.

Directors remuneration

The normal remuneration arrangements for Executive Directors consisted of base salary, performance bonuses and other benefits as determined by the Board. Each of the Executive Directors has a service agreement that can be terminated at any time by either party giving to the other twelve months' written notice. Compensation for loss of office is restricted to base salary and benefits only. The remuneration packages for the Executive Directors are detailed below:

DIRECTORS' REPORT

- **Base Salary:** Annual review of the base salaries of the Executive Directors are concluded after taking into account the Executive Directors' role, responsibilities and contribution to the Group performance.
- **Performance Bonus:** Bonus arrangements are discretionary and are payable depending on the performance of the Executive Directors in meeting their key performance indicators and in the wider context with the performance of the Group.
- **Benefits:** Benefits include payments for provident funds that are mandatory and statutory pension payments as required by laws of the resident countries of the Executive Directors, health insurance and other benefits.
- **Longer term incentives:** In order to further incentivise the Directors and employees, and align their interests with shareholders, the Company granted share options in previous years, as set out on note 21. The share options were all based upon production at the Tilapia Oil Field and have therefore been forfeited with the sale of AAOGC. Non-Executive Directors are remunerated solely in the form of Director Fees determined by the board.

During the year, the following Directors received remuneration from the Company:

	2019			2018		
	Salary	Pension contributions	Total	Salary	Pension contributions	Total
	£'000	£'000	£'000	£'000	£'000	£'000
D G F Sefton	88	20	108	220	24	244
A J Berwick	126	26	152	220	24	244
J A Cane	178	30	208	190	24	214
S Cope	25	-	25	25	-	25
B M Moritz	25	-	25	25	-	25
P J Beck	25	-	25	25	-	25
N Butler	29	-	29	25	-	25
P J Davies	-	-	-	2	-	2
A A B Macdonald	-	-	-	130	1	131
Total	496	76	572	862	73	935

As at 31 December 2018 the following bonuses were accrued for Directors; D G F Sefton £60,000, A J Berwick £60,000 and J A Cane £30,000, it was agreed that the bonuses would not be paid until the Company was in a strong enough financial position to do so. In August 2019 25% of these bonuses were paid as follows D G F Sefton £15,000, A J Berwick £15,000 and J A Cane £7,500. The remainder of these bonuses will not be paid, and the balance have been deducted against the salaries in the above table.

During the year, the Company paid fees of £29,000 (2018 - £25,000) to a business entity owned by N Butler, which is included in the table above.

Directors' Indemnities and Insurance

During the year ended 31 December 2019, the Company had no Directors' indemnities in place. The Company did have Directors' and officers' insurance in place throughout the year.

Going concern

The Directors have adopted the going-concern basis in preparing these financial statements. This is further explained in note 2 to the financial statements.

Financial instruments

Details of risks associated with the Group's financial instruments are given in Note 23 to the financial statements. The Company did not utilise any complex financial instruments.

DIRECTORS' REPORT

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' report and the 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 financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the Group's results for that year.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether the financial statements comply with IFRS as adopted by the European Union; and
- prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

Statement of Disclosure to Auditor

Each director at the date of approval of this annual report confirms that:

- so far as the Directors are aware, there is no relevant audit information of which the Group's and Company's auditor is unaware; and
- all the Directors have taken all the 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 auditor is aware of that information

Auditor

The Auditor, Crowe U.K. LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

By order of the Board


Sarah Cople
Director

8 September 2020

ANGLO AFRICAN OIL & GAS plc
CORPORATE GOVERNANCE REPORT

The Company's securities are traded on the Alternative Investment Market ("AIM") of the London Stock Exchange.

The London Stock Exchange has recently introduced changes to the AIM rules requiring all AIM listed companies to adopt and comply with a recognised corporate governance code.

The Corporate Governance Report has been prepared by Sarah Cope, the Non-Executive Chair of the Company, and has been approved by the Company's Board of Directors

(the "Board") in accordance with the recommendations of the QCA Corporate Governance Code 2018 (the "Code"), which the Company has adopted as its code of governance.

This statement explains how the IO principles of the Code are applied by the Company, and where the Company departs from the Code, an explanation of the reasons for doing so is provided.

	QCA Code Recommendation	Application by the Company
I.	<p>Principle 1</p> <p>Establish a strategy and business model which promotes long-term value for shareholders.</p> <p>The Board must be able to express a shared view of the Company's purpose, business model and strategy.</p> <p>It should go beyond the simple description of products and corporate structures and set out how the Company intends to deliver shareholder value in the medium to long term.</p> <p>It should demonstrate that the delivery of long-term growth is underpinned by a clear set of values aimed at protecting the Company from unnecessary risk and securing its long-term future .</p>	<p>Since the sale of the Tilapia Oil Field, the primary objective of the Company is to acquire a potentially successful business, with near term cashflow.</p> <p>The Board is currently considering a number of options and will focus on a business that can deliver long term value to its shareholders.</p>

	QCA Code Recommendation	Application by the Company
2.	<p>Principle 2</p> <p>Seek to understand and meet shareholders' needs and expectations.</p> <p>Directors must develop a good understanding of the needs and expectations of all elements of the Company's shareholder base.</p> <p>The Board must manage shareholders' expectations and should seek to understand the motivations behind shareholder voting decisions.</p>	<p>Since the Company's listing, members of the Board have been very active in encouraging and participating in direct dialogue with shareholders in order to ensure the Company's shareholders are kept regularly updated and are able to discuss strategy and performance directly with the Board (subject always to compliance with legal and regulatory requirements, including the Market Abuse Regulations ("MAR")). This also allows the Board to obtain a clear understanding of shareholders' motivations and concerns.</p> <p>Direct communication with shareholders is achieved primarily through the timely release of regulatory news, via a regulatory information service, which can be accessed through various channels, including the London Stock Exchange website (https://www.londonstockexchange.com/) and the Company's website (http://aaog.com/).</p> <p>All shareholders are encouraged to attend the Company's Annual General Meeting, where the Directors are available to answer questions.</p>

ANGLO AFRICAN OIL & GAS plc
CORPORATE GOVERNANCE REPORT

	QCA Code Recommendation	Application by the Company
3.	<p>Principle 3</p> <p>Take into account wider stakeholder and social responsibilities and their implications for long-term success.</p> <p>Long-term success relies upon good relations with a range of different stakeholder groups both internal (workforce) and external (suppliers, customers, regulators and others). The Board needs to identify the Company's stakeholders and understand their needs, interests and expectations.</p> <p>Feedback is an essential part of all control mechanisms. Systems need to be in place to solicit, consider and act on feedback from all stakeholder groups.</p>	<p>AAOG now currently only operates in the UK as a cash shell after the sale of its Congolese assets.</p> <p>The Company also acknowledges the importance of maintaining good relations and communication with its suppliers and creditors</p>

	QCA Code Recommendation	Application by the Company
4.	<p>Principle 4</p> <p>Embed effective risk management, considering both opportunities and threats, throughout the organisation.</p> <p>The Board needs to ensure that the Company's risk management framework identifies and addresses all relevant risks in order to execute and deliver strategy.</p> <p>Setting strategy includes determining the extent of exposure to the identified risks that the Company is able to bear and willing to take (risk tolerance and risk appetite).</p>	<p>The management of the business and the execution of the Company's strategy are subject to a number of risks. The Board ensures risks are mitigated as far as reasonably practicable by performing a detailed review of the issues pertaining to each significant decision. Significant decisions are reviewed by the Board having consulted the Company's professional third party advisers (be they legal, financial or technical). The Board convenes on a regular basis, either by telephone or in person on a formal basis to discuss risk management as explained in Principle 5.</p> <p>The principal risks to the Company as a Cash shell, as well as the mitigation actions by the Board are set out below:</p> <p>Strategic risk: a weak or poorly executed acquisition and development process fails to create shareholder value. This risk is mitigated through performing a detailed technical review, both internally by management and externally by advisers, for each acquisition which includes valuation exercises on the potential return on capital invested.</p> <p>Operational risk: operational events can have an adverse effect. The operational risk of all potential acquisitions will be viewed by the Board as and when this information becomes available.</p> <p>External Risk: Lack of growth caused by political, industry or market factors. The board will take into account any external factors, such as Country, future market conditions and political situation when reviewing future acquisitions.</p> <p>Financial Risk: the lack of ability to meet financial obligations. The Company has historically raised its funds through equity capital markets by share issues and has not been involved in derivative instruments and debt financing to meet its financial obligations.</p> <p>The Company is raising a limited amount of debt in 2020 to balance risk and award.</p> <p>The Company also holds Directors' and Officers' Liability Insurance cover and the Company is covered.</p>

ANGLO AFRICAN OIL & GAS plc
CORPORATE GOVERNANCE REPORT

	QCA Code Recommendation	Application by the Company
5.	<p>Principle 5</p> <p>Maintain the Board as a well-functioning, balanced team led by the Chairman.</p> <p>The Board members have a collective responsibility and legal obligation to promote the interests of the Company, and are collectively responsible for defining corporate governance arrangements. Ultimate responsibility for the quality of, and approach to, corporate governance lies with the chair of the Board.</p> <p>The Board (and any committees) should be provided with high quality information in a timely manner to facilitate proper assessment of the matters requiring a decision or insight.</p> <p>The Board should have an appropriate balance between Executive and Non-Executive Directors and should have at least two Independent Non-Executive Directors. Independence is a Board judgement.</p> <p>The Board should be supported by committees (e.g. audit, remuneration, nomination) that have the necessary skills and knowledge to discharge their duties and responsibilities effectively.</p> <p>Directors must commit the time necessary to fulfil their roles.</p>	<p>The Board currently consists of four Non-Executive Directors, as it currently operates as a cash shell. The Non-Executives have a reasonable mix on fund raising and technical expertise.</p> <p>The Board membership will be reviewed after the completion of any acquisitions with the appointment of appropriate Executive Directors.</p> <p>The Board meets formally in person and by telephone multiple times throughout the year. The Board also holds regular informal project appraisal and strategy discussions, to examine acquisition opportunities and assess risks.</p> <p>The Directors encourage a collaborative Board culture to ensure that each decision reached is always in the Company's and its shareholders' best interests and that any one individual opinion never dominates the decision making process. The Board seeks, so far as possible, to achieve decisions by consensus and all Directors are encouraged to use their independent judgement and to challenge all matters whether strategic or operational.</p> <p>During 2019, the Board held ten meetings, either by telephone or in person.</p> <p>There are no mandatory hours for Directors to be available for Company business. The Non-Executive Directors are available for any Company business when it may arise.</p> <p>The Board delegates certain decisions to an Audit Committee and a Remuneration Committee. The Audit Committee has joint responsibility for reviewing the year end accounts with the Auditor.</p> <p>The Remuneration Committee reviews the remuneration of the Executive Directors on an annual basis. Both committees are dedicated to establish and maintain robust internal financial control systems for the Company.</p>

	QCA Code Recommendation	Application by the Company
6.	<p>Principle 6</p> <p>Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities.</p> <p>The Board must have an appropriate balance of sector, financial and public markets skills and experience, as well as an appropriate balance of personal qualities and capabilities. The Board should understand and challenge its own diversity, including gender balance, as part of its composition.</p> <p>The Board should not be dominated by one person or a group of people. Strong personal bonds can be important but can also divide a board.</p> <p>As companies evolve, the mix of skills and experience required on the Board will change, and Board composition will need to evolve to reflect this change.</p>	<p>The current Board composition of the Company and each Director's experience is set out in this report. The Board's view is that the Directors have a variety of complementary experiences and skillsets, including experience of technical, financial and public capital markets sectors. An overview of the Directors are as follows:</p> <p>Sarah Cope (Non-executive chair)</p> <p>Sarah has over 20 years' experience as an investment banker in London, advising small and mid-sized companies at Board level on corporate governance, growth strategy, acquisitions and disposals, capital markets and regulatory compliance. Over the last ten years, she has specialised in the oil and gas sector, assisting listed oil and gas companies to raise finance for their exploration, development and production projects around the world. Her most recent role was with Cantor Fitzgerald Europe, the global investment bank and brokerage business, where she was until very recently Managing Director and Co-Head of Energy. Prior to this, Sarah was Head of Oil & Gas at RFC Ambrian and at finnCap. She has also been Director of Equity Capital Markets at RBC Capital Markets and Director of Corporate Finance at Seymour Pierce.</p> <p>Phil Beck</p> <p>Phil is a senior energy industry business consultant with over 40 years of commercial, engineering and project management experience in the upstream oil and gas industry. Phil trained as a geologist and petroleum engineer, spending his early career with British Gas and Unocal Corporation. As a management consultant for the last 16 years, he has provided significant value growth to many energy businesses.</p> <p>Dexter Ferreira</p> <p>Dexter has worked in the natural resources sector for over 25 years, namely as a consulting mining engineer and geologist. He is currently a director of Independent Resource Estimations, a consultancy company for the mining and exploration market. Mr Ferreira holds a BSc Geological Sciences, a BEng Mining Engineering and is a member of the South African Council for Natural Scientific Professions (SACNASP).</p> <p>Tania Maciver</p> <p>Tania is a knowledgeable global finance professional with over 20 years of buy and sell side experience across many industries, successfully assisting companies with corporate strategy development and capital structuring. Tania is currently COO and Research Analyst at SP Angel Corporate Finance LLP. Tania holds a Masters in Finance, an MBA with Finance Specialisation, BA Economics and BSc in Life Sciences.</p>

ANGLO AFRICAN OIL & GAS plc
CORPORATE GOVERNANCE REPORT

	QCA Code Recommendation	Application by the Company
6.	Principle 6 (continued)	<p>The Directors are mindful of the need to ensure the Company has in place a diverse Board that encompasses the right skills required to ensure the Company's success, including creating an atmosphere of constructive challenge and consensus for any decision reached. As such, and given the Company is a cash shell, the Board is of the opinion its composition and skillset is sufficient to maintain and drive the long term success for the Company's shareholders.</p> <p>Each director takes his continued professional and technical development seriously.</p> <p>The Board ensures it is well advised and supported by utilising a range of external experts in various fields, and employs accountants, legal counsel, a Company Secretary and a Nominated Adviser, in accordance with the AIM rules .</p>

	QCA Code Recommendation	Application by the Company
7.	<p>Principle 7</p> <p>Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.</p> <p>The Board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and the individual Directors.</p> <p>The Board performance review may be carried out internally or, ideally, externally facilitated from time to time. The review should identify development or mentoring needs of individual Directors or the wider senior management team.</p> <p>It is healthy for membership of the Board to be periodically refreshed. Succession planning is a vital task for the board. No member of the Board should become indispensable.</p>	<p>While the Board is very much aware of the needs of the Company in ensuring effectiveness of Board performance and the periodic refreshment of the composition of the Board, the Board believes that due to the Company's current status as a cash shell, the procedures already in place are sufficient for monitoring Board performance and no external performance reviews are required at this time. This will be kept under review.</p> <p>The Board is also of the opinion that the Company has appropriate measures in place to ensure any refreshment of the Board occurs in a timely manner, and always with the best interests of the shareholders in mind.</p>

ANGLO AFRICAN OIL & GAS plc
CORPORATE GOVERNANCE REPORT

	QCA Code Recommendation	Application by the Company
8.	<p>Principle 8</p> <p>Promote a corporate culture that is based on ethical values and behaviours.</p> <p>The Board should embody and promote a corporate culture that is based on sound ethical values and behaviours and use it as an asset and a source of competitive advantage.</p> <p>The policy set by the Board should be visible in the actions and decisions of the chief executive and the rest of the management team. Corporate values should guide the objectives and strategy of the Company.</p> <p>The culture should be visible in every aspect of the business, including recruitment, nominations, training and engagement. The performance and reward system should endorse the desired ethical behaviours across all levels of the Company.</p> <p>The corporate culture should be recognisable throughout the disclosures in the Annual Report, website and any other statements issued by the Company.</p>	<p>The Board strives to promote a corporate culture based on sound ethical values and behaviours.</p> <p>The Board is aware that it operates in jurisdictions where ethical standards may differ from those in the UK, and which may, rightly or wrongly, have a reputation for corrupt practices. To that end, AAOG has adopted a strict anti-corruption and whistle-blowing policy but the Directors are not aware of any event to date that might be considered to breach this policy. The executive Directors ensure that external contractors are aware of, and comply with, this policy.</p> <p>The Company has also adopted a code for Directors' and employees' dealings in securities, which is appropriate for a company whose securities are traded on AIM. The code is in accordance with the requirements of the Market Abuse Regulation that came into effect in 2016.</p> <p>The Board is also aware that the tone and culture that it sets will greatly impact all aspects of the Company and the way that employees behave, as well as the achievement of corporate objectives. A significant part of the Company's activities is centred upon an open dialogue with shareholders, employees and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives.</p>

	QCA Code Recommendation	Application by the Company
9.	<p>Principle 9</p> <p>Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.</p> <p>The Company should maintain governance structures and processes in line with its corporate culture and appropriate to its:</p> <ul style="list-style-type: none"> • size and complexity; and • capacity, appetite and tolerance for risk. <p>The governance structures should evolve over time in parallel with its objectives, strategy and business model to reflect the development of the Company.</p>	<p>The corporate governance structures which the Company is able to operate are limited by the size of the Board, which is itself dictated by the current size of the Company's operations. With this limitation, the board is dedicated to upholding the highest possible standards of governance and probity.</p> <p>The chair, Sarah Cope:</p> <ul style="list-style-type: none"> • Leads the board and is primarily responsible for the effective working of the Board; • in consultation with the board, ensures good corporate governance and sets clear expectations with regards to Company culture, values and behaviour; • sets the board's agenda and ensures that all Directors are encouraged to participate fully in the activities and decision-making process of the Board <p>The remuneration committee is chaired by Phil Beck and comprises Phil Beck and Sarah Cope. It meets on an ad hoc basis when required. The audit committee is chaired by Sarah Cope and comprises Sarah Cope and Phil Beck. It normally meets twice each financial year to consider the interim and final results. In the latter case, the auditors are present and the meeting considers and takes action on any matters raised by the auditors arising from their audit.</p> <p>Matters reserved for the Board include:</p> <ul style="list-style-type: none"> • Vision and strategy • Production and trading results • Financial statements and reporting • Financing strategy, including debt and other external financing sources • Budgets, acquisitions and expansion projects, divestments and capital expenditure and business plans • Corporate governance and compliance • Risk management and internal controls • Appointments and succession plans • Directors' remuneration.

	QCA Code Recommendation	Application by the Company
10.	<p>Principle 10</p> <p>Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.</p> <p>A healthy dialogue should exist between the Board and all of its stakeholders, to enable all interested parties to come to informed decisions about the Company.</p> <p>In particular, appropriate communication and reporting structures should exist between the Board and all constituent parts of its shareholder base.</p> <p>This will assist:</p> <ul style="list-style-type: none"> the communication of shareholders' views to the Board; and the shareholders' understanding of the unique circumstances and constraints faced by the Company. <p>It should be clear where these communication practices are described (Annual Report or website).</p>	<p>As set out above, the Company ensures:</p> <ul style="list-style-type: none"> a printed Annual and Half Year Report is delivered to each shareholder, and also made available on the Company's website. all RNS announcements are released in a timely manner, while also ensuring all announcements are drafted in a clear and concise fashion. <p>In addition, all shareholders are encouraged to attend the Company's Annual General Meeting. The outcome of all shareholder votes are disclosed in a clear and transparent manner via a RNS.</p> <p>The Company includes historical Annual Reports, Notices of General Meetings and RNS announcements over the last five years on its website. The Company also lists contact details on its website, should shareholders wish to communicate with the Board.</p> <p>The Company intends to include, where relevant, in its Annual Report, any matters of note arising from the Audit or Remuneration Committees. A Remuneration or Audit Committee report is not included separately within these financial statements. All relevant information has been included where required.</p> <p>Shareholders are actively encouraged to both attend the Company's Annual General Meeting.</p> <p>Given the size of the Company, the Board is of the opinion that no formal communication structures are required at this time.</p> <p>The Company does however:</p> <ul style="list-style-type: none"> ensure continued disclosure of all items in conjunction with AIM Rule 26 on its website; disclose the results of all shareholder votes once held, in conjunction with the Company's Annual General Meeting; and

ANGLO AFRICAN OIL & GAS plc
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Qualified Opinion

We have audited the financial statements of Anglo African Oil & Gas plc (the "**Parent Company**") and its subsidiaries (the "**Group**") for the year ended 31 December 2019, which comprise:

- the Group statement of comprehensive income for the year ended 31 December 2019;
- the Group and parent company statements of financial position as at 31 December 2019;
- the Group and parent company statements of cash flows for the year then ended;
- the Group and parent company statements of changes in equity for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report,

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2019 and of the Group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

During the year, the Group decided to market for sale its subsidiary Anglo African Oil & Gas Congo SAU registered in the Republic of Congo. Following this decision all the assets and liabilities of the foreign subsidiary were transferred to "Disposal group classified as held for sale".

At 31 December 2019, assets of £5.5m and liabilities of £5.4m are carried in the disposal group in the statement of financial position and post-tax loss from discontinued operations of £10.5m is included in the statement of comprehensive income for the year then ended. We were unable to obtain sufficient appropriate audit evidence about the split between assets and liabilities of the disposal group and post-tax loss of discontinued operations. Furthermore, we have not been able to verify the breakdown of assets and liabilities in a disposal group into major classes and analysis of the post-tax loss of discontinued operations into revenue and expenses as presented in the notes to the accounts. This limitation resulted because the accounting records are maintained at the registered office in the Republic of Congo which has been in a state of lockdown due to the COVID-19 pandemic since April 2020. The subsidiary has now been disposed of and we have no access to the financial information. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

We were able to satisfy ourselves that the net assets in the disposal group and the loss on measurement of the disposal group to fair value less costs to sell are correct. Therefore, indirectly we have also been able to confirm post-tax loss of discontinued operations disclosed in notes to the accounts.

ANGLO AFRICAN OIL & GAS plc
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

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

Material uncertainty related to going concern

We draw attention to note 2 in the financial statements, which details the factors the group has considered when assessing the going concern position. As explained in note 2 following the sale of its subsidiary the group and company will require additional finance in order to pursue its strategy of finding a new acquisition and to continue in operational existence. It is uncertain as to whether a suitable acquisition target can be found and whether the necessary finance can be raised to allow the group to make the acquisition and to continue to be able to pay its debts as they fall due, including the payments due under the financing facility agreed post year end. Should this uncertainty not be resolved this will cast significant doubt on the group and company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £210,000 (FY18 £290,000), based on 5 percent of the loss before tax. We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and Directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £6,300 (2018: £10,000). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

The Parent Company is principally accounted for in the United Kingdom and the subsidiary was accounted for from one central operating location in Pointe Noire, Republic of Congo. Our audit was conducted from the main operating location in the United Kingdom. As described above we were unable to access the records held in Point Noire. This provided us with sufficient evidence for our qualified opinion on the Group and Company financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material

ANGLO AFRICAN OIL & GAS plc
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matters described in the basis for qualified opinion and the material uncertainty relating to going concern sections, we have determined the matter described below to be the key audit matter to be communicated in our audit report. This is not a complete list of all risks identified by our audit.

<i>Key audit matter</i>	<i>How the scope of our audit addressed the key audit matter</i>
<p>Assets and liabilities classified as held for sale:</p> <p>On May 2020 the group had disposed all its shareholding in AAOG Congo, and classified all the related assets and liabilities as held for sales and discontinued operation as of 31 December 2019.</p> <p>We considered the risk that all the conditions of IFRS 5 Non-current assets held for sale and discontinued operations have been meet and the fair value had been properly accounted for</p>	<p>We have discussed with management and obtained evidence to satisfy ourselves that at the balance sheet date it was appropriate to classify AAOG Congo as a disposal group held for sale. Specifically our testing was designed to ensure that all the criteria identified under IFRS 5 had been meet, namely:</p> <ul style="list-style-type: none">• Management was committed to a plan to sell.• the asset was available for immediate sale• an active programme to locate a buyer was initiated• the sale was highly probable, within 12 months of classification as held for sale• the asset is being actively marketed for sale at a sales price reasonable in relation to its fair value• Actions required to complete the plan indicate that it was unlikely that plan will be significantly changed or withdrawn.• In addition to the above, we reviewed the fair value with reference to the sale price achieved and the costs to sell of AAOG Congo to determine is the fair value is fairly stated.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

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

ANGLO AFRICAN OIL & GAS plc
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

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

As described in the basis for qualified opinion section of our report, we were unable to obtain audit evidences supports the values of the assets, liabilities and losses from discontinued operation amounted to £5.5m, £5.4m and £10.5m respectively. We have concluded that where the other information refers to the assets, liabilities and losses from discontinued operation, it may be materially misstated for the same reason.

Qualified opinion on other matter prescribed by the Companies Act 2006

Except for the possible effects of the matter described in the basis of qualified opinion section of our report, in our opinion based on the work undertaken in the course of our audit

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report and strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

Except for the matter described in the basis for qualified opinion section of our report, in light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

Arising solely from the limitation on the scope of our work relating to assets held for sale and discontinued operations, referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept

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:

- 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.

Responsibilities of the Directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 12, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the group's and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and

ANGLO AFRICAN OIL & GAS plc
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

using the going concern basis of accounting unless the Directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

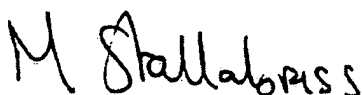
Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



Matthew Stallabrass (Senior Statutory Auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

8 September 2020

ANGLO AFRICAN OIL & GAS plc

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Year ended 31 December 2019 £'000	Year ended 31 December 2018 (*restated) £'000
Continuing operations			
Revenue		-	-
Cost of sales	8	(755)	(505)
		<u>(755)</u>	<u>(505)</u>
Administrative expenses	7	(3,604)	(3,602)
Share-based payment credit	21	135	3
Loss from operating activities		<u>(4,224)</u>	<u>(4,104)</u>
Finance costs	10	(4,675)	(100)
Loss before tax		<u>(8,899)</u>	<u>(4,204)</u>
Taxation	11	-	-
Loss for the year from continuing operation		<u>(8,899)</u>	<u>(4,204)</u>
Loss for the year from discontinued operation	16	(10,495)	(7,491)
Total Loss for year		<u>(19,394)</u>	<u>(11,695)</u>
Other comprehensive loss			
Exchange differences on translating foreign operations		40	(136)
Total comprehensive loss for the year		<u>(19,354)</u>	<u>(11,831)</u>
Earnings per share	12		
Basic earnings (loss) per share			
From continuing operations		(2.87)	(3.38)
- From discontinued operations		(3.39)	(6.02)
- Total		<u>(6.26)</u>	<u>(9.40)</u>

*The 31 December 2018 comprehensive income number have been restated for discontinued operation, see note 16

ANGLO AFRICAN OIL & GAS plc

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	Notes	31 December 2019 £'000	31 December 2018 £'000
Non-current assets			
Property, plant and equipment	13		111
Intangible assets	14		10,386
			<u>10,497</u>
Current assets			
Assets included in disposal group classified as held for sale	16	5,482	-
Stock	17		37
Trade and other receivables	18	497	4,135
Prepayments		9	45
Cash and cash equivalents	19	170	121
		<u>6,158</u>	<u>4,338</u>
Total assets		<u>6,158</u>	<u>14,835</u>
Equity			
Share capital	21	24,203	13,272
Share premium		17,110	14,492
Currency translation reserve		229	189
Retained deficit		(41,474)	(21,945)
		<u>68</u>	<u>6,008</u>
Current liabilities			
Liabilities included in disposal group classified as held for sale	16	5,379	-
Trade and other payables	20	711	5,920
Provisions	22		2,907
		<u>6,090</u>	<u>8,827</u>
Total equity and liabilities		<u>6,158</u>	<u>14,835</u>

The financial statements of Anglo African Oil & Gas plc were approved by the Board and authorised for issue on 8 Sept 20. They were signed on its behalf by:


Director

ANGLO AFRICAN OIL & GAS plc

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital £'000	Share premium £'000	Currency translation reserve £'000	Retained deficit £'000	Total £'000
Balance at 31 December 2017	7,851	12,003	372	(10,294)	9,932
Share issue in the year	5,421	2,983	-	-	8,404
Costs of issue of share capital	-	(494)	-	-	(494)
Loss for the year from operating activities	-	-	-	(11,695)	(11,695)
Foreign currency translation reclassified	-	-	(47)	47	-
Share-based payment credit	-	-	-	(3)	(3)
Foreign exchange adjustment	-	-	(136)	-	(136)
Total comprehensive loss for the period	5,421	2,489	(183)	(11,651)	(3,924)
Balance at 31 December 2018	13,272	14,492	189	(21,945)	6,008
Share issue in the year	10,931	3,318	-	-	14,249
Costs of issue of share capital	-	(700)	-	-	(700)
Loss for the year from operating activities	-	-	-	(19,394)	(19,394)
Share-based payment credit	-	-	-	(135)	(135)
Foreign exchange adjustment	-	-	40	-	40
Total comprehensive loss for the year	10,931	2,618	40	(19,529)	(5,940)
Balance at 31 December 2019	24,203	17,110	229	(41,474)	68

The currency translation reserve comprises all foreign currency adjustments arising from the translation of the financial statements of the foreign operation.

ANGLO AFRICAN OIL & GAS plc
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
			(*restated)
Cash flows from operating activities			
Total comprehensive loss for the year from continuing operation		(8,899)	(4,204)
Depreciation and amortisation		11	3
Impairment of fixed assets		27	-
Loss on issue of own equity	10	4,675	-
Share-based payment credit		(135)	(3)
Net cash used in continuing operation		(4,321)	(4,204)
Net cash used in discontinued operation		(1,482)	(2,276)
Net cash used in operating activities		(5,803)	(6,480)
Increase in trade and other receivables		(203)	(146)
Decrease/(increase) in prepayments		36	(41)
(Increase)/decrease in trade and other payables		(756)	1,235
Cash used in operating activities		(6,726)	(5,432)
Cash flows from investing activities			
Purchase of tangible fixed assets		(8)	(30)
Cash used by discontinued operations		(2,065)	(5,009)
Net cash used in investing activities		(2,073)	(5,039)
Cash flows from financing activities			
Issue of share capital		9,574	8,404
Costs of issuing share capital		(700)	(494)
Loan repayment		-	(1515)
Net cash flows from financing activities		8,874	7,895
Net increase/(decrease) in cash and cash equivalents		75	(2,576)
Cash and cash equivalents at beginning of year		121	2,697
Cash and cash equivalents at year-end		196	121
Cash and cash equivalents included in disposal group		(26)	(55)
Cash and cash equivalents at the year end	19	170	66

*The 31 December 2018 Consolidated Statement of Cash Flow has been restated for discontinued operation, see note 16.

ANGLO AFRICAN OIL & GAS plc
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

		31 December 2019 £'000	31 December 2018 £'000
	Notes		
Assets			
Property, plant and equipment	13		30
Investments	15		6,802
Trade and other receivables	18		8,322
Non-current assets			15,154
Current assets			
Assets classified as held for sale	16	103	
Trade and other receivables	18	497	294
Prepayments		9	45
Cash and cash equivalents	19	170	66
		779	405
Total assets		779	15,559
Equity			
Share capital	21	24,203	13,272
Share premium		17,110	14,492
Retained deficit		(41,245)	(13,672)
		68	14,092
Current liabilities			
Trade and other payables	20	711	1,467
		711	1,467
Total equity and liabilities		779	15,559

The Company's loss and total comprehensive loss for the year ended 31 December 2019 was £27,438,000 (2018: loss £4,203,982).

The financial statements of Anglo African Oil & Gas plc, company number 04140379, were approved by the Board and authorised for issue on 8 Sept 20. They were signed on its behalf by:


Sarah Cope
Director

ANGLO AFRICAN OIL & GAS plc

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital £'000	Share premium £'000	Retained deficit £'000	Total equity £'000
Balance at 31 December 2017	7,851	12,003	(9,465)	10,389
Share issue in the year	5,421	2,983	-	8,404
Cost of issuing share capital	-	(494)	-	(494)
Share-based payment charge	-	-	(3)	(3)
Total comprehensive loss for the period	-	-	(4,204)	(4,204)
Balance at 31 December 2018	13,272	14,492	(13,672)	14,092
Share issue in the year	10,931	3,318	-	14,249
Cost of issuing share capital	-	(700)	-	(700)
Share-based payment credit	-	-	(135)	(135)
Total comprehensive loss for the year	-	-	(27,438)	(27,438)
Balance at 31 December 2019	24,203	17,110	(41,245)	68

ANGLO AFRICAN OIL & GAS plc
COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Cash flows from operating activities			
Loss for the year		(27,438)	(4,204)
Adjustments for:			
Depreciation		11	3
Impairment of fixed assets		27	-
Impairment of investments		6,699	-
Impairment of amounts owed by group undertakings		11,840	-
Loss on issue of own equity	10	4,675	-
Share-based payment credit		(135)	(3)
Net cash used in operation activities		(4,321)	(4,204)
Increase in trade and other receivables		(203)	(146)
Decrease/(increase) in prepayments		36	(41)
(Decrease) /increase in trade and other payables		(756)	1,235
Cash used in operating activities		(5,244)	(3,156)
Cash flows from investing activities			
Advances to Group undertakings		(3,518)	(6,775)
Purchase of tangible fixed assets		(8)	(30)
Cash used in investing activities		(3,526)	(6,805)
Cash flows from financing activities			
Proceeds from issue of share capital		9,574	8,404
Costs of issuing share capital		(700)	(494)
Loan repayment		-	(15)
Net cash flows from financing activities		8,874	7,895
Net increase/(decrease) in cash and cash equivalents		104	(2,066)
Cash and cash equivalents at beginning of year		66	2,132
Cash and cash equivalents at the year end	19	170	66

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. Reporting entity

Anglo African Oil & Gas plc is a company incorporated and domiciled in England and Wales. The address of the Company's registered office is 27/28 Eastcastle Street, London, W1W 8DH.

In preparing the consolidated financial statements of the Group as at and for the year ended 31 December 2019 the financial statements of its subsidiary undertakings, Sonnberg Diamonds (Namibia) (Pty) Limited and Anglo African Oil & Gas Congo SAU (AAOGC), has been included in discontinued operations as AAOGC was sold in May 2020.

Anglo African Oil & Gas Congo SAU is a company registered in Republic of the Congo. The office address is Site de Tilapia, Route Nationale no. 5, BP-1753, Pointe-Noire, Republic of the Congo.

Sonnberg Diamonds (Namibia) (Pty) Limited is a dormant company registered in Namibia. The registered office address is P O Box 199, Lüderitz, Namibia.

2. Going concern

At 31 December 2019 the company had net current assets of £68k. The financial statements have been prepared on the assumption that the Company will continue as a going concern. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations. In assessing whether the going concern assumption is appropriate, the Directors take into account all available information for the foreseeable future, in particular for the twelve months from the date of approval of the financial information.

Based on the following fund raising events and significant cost control measures since the year end:

- unsecured convertible loan note with Riverfort amounting to £1,500,000, the first drawdown of £160,000
- equity fund raising of £411k
- Sale of its 100% owned subsidiary AAOGC
- Reduction in employee numbers and board costs
- Termination of lease agreements
- Review and reduction of administrative expenses

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In order to support a new acquisition, the fund raising options may include a substantial equity offering or a new financing facility. The fund raising options are early stage and there is a material uncertainty as to whether additional funding will be received and therefore regarding the going concern basis of preparation. The financial statements do not include any adjustments that would be required if the going concern basis was not appropriate. The Directors' objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Reporting Standards ('IFRS') as issued by the International Accounting Standards Board and as adopted by the European Union. The Company's individual statement of comprehensive income has been omitted from

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

the Group's annual financial statements having taken advantage of the exemption not to disclose under Section 408(3) of the Companies Act 2006

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

Functional and presentation currency

These consolidated financial statements are presented in Pounds Sterling ('GBP'), which is considered by the Directors to be the functional and most appropriate presentation currency.

(b) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected.

In 2018 the key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are in respect of the intangible exploration and evaluation ("E&E") assets and the receivable from SNPC.

In 2019 the assets and liabilities of AAOGC were classified as held for resale.

Disposal groups classified as held for sale (note 16)

The Group determined that the assets and liabilities of AAOGC were, held for sale under IFRS 5, as the following criteria were met:

- management were committed to a plan to sell
- the asset was available for immediate sale
- an active program to locate a buyer was initiated
- the sale was highly probable, within 12 months of classification as held for sale
- the asset was being actively marketed for sale at a sales price reasonable in relation to its fair value

The sale of AAOGC was agreed in December 2019 and finally completed in May 2020, the asset held for resale was written down to fair value, based upon the £103,000 (net of expenses), received from the disposal in May 2020.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interests; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase price is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured, and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

As the subsidiaries were sold in May 2020, this has been included as discontinued operations.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in the statement of comprehensive income.

(ii) Foreign operations

The adjustment in 'Other comprehensive income' arises because of the difference between the value of the assets and liabilities of foreign operations (including goodwill and the fair-value adjustments arising on acquisition) when acquired compared to the value when translated to GBP at exchange rates at the reporting date. The income and expenditure earned and incurred by the Group's overseas operations are translated to GBP at the average exchange rate at the date of each transaction.

(b) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group's non-derivative financial assets comprise assets held at amortised costs..

Loans and receivables

Loans and receivables are held with an objective to collect contractual cash flows which are solely payments of principal and interest on the principal amount outstanding. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses (see note 3(e)(i)).

Loans and receivables comprise trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in their fair value. These are initially and subsequently recorded at fair value.

Non-current assets and liabilities classified as held for sale and discontinued operations

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

Any profit or loss arising from the sale of a discontinued operation or its remeasurement to fair value less costs to sell is presented as part of a single line item, profit or loss from discontinued operations (see Note 16).

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Group classifies non-derivative financial liabilities into the 'other financial liabilities' category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(c) Property, plant and equipment

Oil & gas assets

Oil & gas assets represent the cost of developing the commercial reserves discovered and bringing them into production, together with the E&E expenditures incurred in finding commercial reserves transferred from intangible E&E assets as outlined in the accounting policy above.

The cost of oil & gas assets also includes the cost of acquisitions and purchases of such assets, directly attributable overheads, finance costs capitalised, and the cost of recognising provisions for future restoration and decommissioning.

Impairment of oil & gas assets

An impairment test is performed whenever events and circumstances arising during the development or production phase indicate that the carrying value of an oil & gas asset may exceed its recoverable amount.

The carrying value is compared with the expected recoverable amount of the asset, generally by reference to the present value of the future net cash flows expected to be derived from production of commercial reserves. The cash-generating unit applied for impairment test purposes is generally the field, except that several field interests may be grouped as a single income-generating unit where the cash flows of each field are interdependent.

Recognition and measurement

Items of property, plant & equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant & equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Any gain or loss on disposal of an item of property, plant & equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance cost are expensed as incurred.

(i) Depreciation

Items of fixtures and fittings are depreciated on a straight-line basis in the statement of comprehensive income within administrative expenses over the estimated useful lives below:

- Fixtures and fittings 5-8 years
- Computer equipment 4 years
- Plant and equipment are depreciated on the unit of production method.
- Vehicles 4 years

Items of property, plant & equipment are depreciated from the date that they are installed and are ready for use or, in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(d) Intangible assets

Exploration & evaluation assets

Under the successful efforts' method of accounting, all licence acquisition, exploration and appraisal costs are initially capitalised in well, field or specific exploration cost centres as appropriate, pending determination.

Expenditure incurred during the various exploration and appraisal phases is then written off unless commercial reserves have been established or the determination process has not been completed.

Exploration & evaluation costs

Costs are initially capitalised as E&E assets. Payments to acquire the legal right to explore, costs of technical services and studies, seismic acquisition, exploratory drilling and testing are capitalised as E&E assets.

Treatment of exploration & evaluation expenditure at the end of appraisal activities

Intangible E&E assets relating to each exploration licence/prospect are carried forward, until the existence (or otherwise) of commercial reserves has been determined subject to certain limitations including review for indications of impairment. If, however, commercial reserves have been discovered and development has been approved, the carrying value, after any impairment loss, of the relevant E&E assets is then reclassified as development and production assets. If, however, commercial reserves have not been found, the capitalised costs are charged to expense after conclusion of appraisal activities.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. Expenditure on acquired intangible assets are capitalised and amortised using the straight-line method over their useful lives. Intangible assets are not revalued. The carrying amount of each intangible asset is reviewed annually and adjusted for impairment where it is considered necessary.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the year over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets. For all other intangible assets, amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at every year-end.

Amortisation is provided on a straight-line basis in the statement of comprehensive income within administrative expenses over the estimated useful lives as follows:

- Exploration & evaluation assets 20 years

(e) Impairment

(i) *Non-derivative financial assets*

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model to be applied. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. IFRS 9 requires the Company to recognise a loss allowance for expected credit losses on trade receivables. In particular, IFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses ("ECL") if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12 months ECL.

(ii) *Non-financial assets*

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. E&E assets and indefinite-life intangible assets are tested annually for impairment or when there is an indication of impairment. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time-value of money and the risks

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

Impairment losses are recognised in profit or loss.

An impairment loss in respect of E&E assets is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(f) Finance costs

Finance costs in 2019 comprise loss on issue on own equity see note 10, in 2018 finance costs comprise interest expense on borrowings.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective-interest rate method.

(g) Taxation

Tax expense comprises current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of intangible assets.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(h) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

4. Adoption of new and revised International Financial Reporting Standards

The Company has adopted the following standards, amendments to standards and interpretations which are effective for the first time this year. The impact is shown below:

New and revised International Financial Reporting Standards: IFRS 16 Leases

Effective Date: Annual periods beginning on or after: 1 January 2019

EU adopted: YES

IFRS 16 'Leases' provides a new model for lessee accounting in which all leases, other than short-term and small-ticket-item leases, will be accounted for by the recognition on the Balance Sheet of a right-to-use asset and a lease liability, and the subsequent amortisation of the right-to-use asset over the lease term.

The Company adopted IFRS 16 on 1 January 2019. The adoption of the standard has no impact on the Company's financial statements as the Company does not hold any long term leases either at the date of sign off of these financial statements or during any of the periods presented.

At the date of authorisation of the consolidated financial statements, the IASB and IFRS Interpretations Committee have issued standards, interpretations and amendments which are applicable to the Company.

New and revised International Financial Reporting Standards which are not considered to potentially have a material impact on the Company's financial statements going forwards have been excluded from the above.

Management, anticipates that all relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement.

There are no other standards and interpretations in issue but not yet adopted that the Directors anticipate will have a material effect on the reported income or net assets of the Company.

5. Determination of fair values

Several the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

- (i) Property, plant and equipment** of impairment of items of property, plant and equipment is based on market prices for similar items.
- (ii) Intangible assets** The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

(iii) Trade and other receivables

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes or when such assets are acquired in a business combination.

(iv) Fixed asset investments

The fair value of fixed asset investments is based on the fair value of the net assets of the group undertaking.

(v) Share-based payments

Share-based payment charges are based on the fair value of the options granted. In arriving at the charge for the period, assumptions are made on the volatility of the market value of the shares.

6. Operating segments

In May 2020 the Company sold its 100% owned subsidiary Anglo African Oil & Gas Congo, since the sale the Company has become a Cash Shell under Rule 15 of AIM. Therefore, the Company only has one operating segment reflected in these financial statements.

7. Administrative expenses

Administrative expenses include:

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Costs incurred relating to potential acquisition	-	310
Depreciation and amortisation	11	277
Auditor's remuneration		
- non audit services	24	2
- audit services: parent company	27	28

During the year, the Company incurred costs of £700,000 (2018: £493,904) relating to the issuance of new share capital and has been offset against equity.

8. Cost of Sales

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Cost of Sales	(755)	(505)

The above relate to costs incurred, in relation to the Companies' investment in operation in the Republic of Congo, as the parent company is an investment vehicle these costs have been classified as a 'Cost of Sale' rather than administrative expenses.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

9. Staff costs**Group**

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Wages and salaries	1,323	1,658
Termination payment	-	120
Social security costs	226	216
	<u>1,549</u>	<u>1,994</u>

Company

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Wages and salaries	943	990
Termination payment	-	120
Social security costs	145	115
	<u>1,088</u>	<u>1,225</u>

The average number of employees (including Directors) during the year was:

Group

	Year ended 31 December 2019	Year ended 31 December 2018
Directors and management	9	8
Other staff members	6	6
	<u>15</u>	<u>14</u>

Company

	Year ended 31 December 2019	Year ended 31 December 2018
Directors and management	9	8
Other staff members	-	-
	<u>9</u>	<u>8</u>

The Directors are considered to be key management personnel. See the Directors' report for information regarding the remuneration paid to the Directors during the year.

10. Finance costs

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 (*restated) £'000
Loss on issue of own equity	4,675	-
Other interest costs	-	100
	<u>4,675</u>	<u>100</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

During 2019 the Company issued 109,331,011 ordinary shares at a price of 5.2p to Riverfort Global Opportunities PCC (Riverfort), raising £5,685,000, under the terms of the arrangement, these funds were repaid to the Riverfort.

Riverfort then sold the shares at market value and repaid the proceeds to the Company less the agreed discount, the total proceeds of the sale during and post the year end, repaid to the Company was £1,010,000 creating a loss of £4,675,000.

11. Taxation

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Current tax expense		
Current year	-	-
Deferred tax expense		
Origination and reversal of temporary differences	-	-
Total tax expense	-	-

Reconciliation of effective tax rate

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Loss before tax	(8,899)	(4,204)
Tax using the Company's domestic tax rate of 19% (2018: 19%)	(1,691)	(799)
Tax losses	1,691	799
Other adjustments	-	-
Total taxation charge	-	-

Factors that may affect future tax charges

No deferred tax asset has been recognised in respect of tax losses because of uncertainty as to their future availability, which depends on the Group making future taxable profits.

12. Loss per share

The calculation of loss per share for the year ended 31 December 2019 is based on the loss for the year after tax attributable to ordinary shareholders and the weighted average number of ordinary shares of:

ANGLO AFRICAN OIL & GAS plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Continuing operations	(8,899)	(4,204)
Discontinued operations	(10,495)	(7,491)
	No	No
Weighted average number of ordinary shares	309,622,332	124,376,778

13. Property, plant and equipment
Group

	Oil & gas assets £'000	Plant & equipment £'000	Fixtures, fittings & computer equipment £'000	Motor vehicles £'000	Total £'000
Cost					
Balance at 1 January 2018	2,626	1,629	6	2	4,263
Reclassification of intangible assets	911	(400)	-	-	511
Additions	228	-	30	-	258
Balance at 31 December 2018	3,765	1,229	36	2	5,032
Balance at 1 January 2019	3,765	1,229	36	2	5,032
Additions continuing operations	-	-	8	-	8
Additions discontinued operations	-	101	-	-	101
Transfer to assets available for sale	(3,765)	(1,072)	-	(2)	(4,839)
Impairment	-	(258)	(44)	-	(302)
Balance at 31 December 2019	-	-	-	-	-
Depreciation					
Balance at 1 January 2018	63	1,148	3	-	1,214
Reclassification of intangible assets	22	-	-	-	22
Depreciation	-	-	3	2	5
Impairment	3,680	-	-	-	3,680
Balance at 31 December 2018	3,765	1,148	6	2	4,921
Balance at 1 January 2019	3,765	1,148	6	2	4,921
Transfer to assets available for sale	(3,765)	(890)	-	(2)	(4,657)
Depreciation	-	-	11	-	11
Impairment	-	(258)	(17)	-	(275)
Balance at 31 December 2019	-	-	-	-	-
Carrying amounts					
At 31 December 2019	-	-	-	-	-
At 31 December 2018	-	81	30	-	111

The notes on pages [36] to [61] form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Company

	Computer equipment £'000	Plant & machinery £'000	Total £'000
Cost			
Balance at 1 January 2018	4	258	262
Additions	30	-	30
Balance at 31 December 2018	34	258	292
Balance at 1 January 2019	34	258	292
Additions	8	-	8
Impairment	(42)	(258)	(300)
Balance at 31 December 2019	-	-	-
Depreciation			
Balance at 1 January 2018	1	258	259
Depreciation	3	-	3
Balance at 31 December 2018	4	258	262
Balance at 1 January 2019	4	258	262
Depreciation	11	-	11
Impairment	(15)	(258)	(273)
Balance at 31 December 2019	-	-	-
Carrying amounts			
At 31 December 2019	-	-	-
At 31 December 2018	30	-	30

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

14. Intangible Assets

Group	Exploration & evaluation assets £'000	Mining rights £'000	Total £'000
Cost			
Balance at 1 January 2018	7,614	1,154	8,768
Additions	4,781	-	4,781
Reclassification to tangible assets	(511)	-	(511)
Balance at 31 December 2018	11,884	1,154	13,038
Balance at 1 January 2019	11,884	1,154	13,038
Additions discontinued operations	1,964	-	1,964
Transfer to asset available for sale	(13,848)	-	(13,848)
Balance at 31 December 2019	-	1,154	1,154
Amortisation			
Balance at 1 January 2018	22	1,154	1,176
Charge for the year	-	-	-
Reclassification to tangible assets	(22)	-	(22)
Impairment	1,498	-	1,498
Balance at 31 December 2018	1,498	1,154	2,652
Balance at 1 January 2019	1,498	1,154	2,652
Impairment	9,494	-	9,494
Transfer to assets available for sale	(10,992)	-	(10,992)
Balance at 31 December 2019	-	1,154	1,154
Carrying amounts			
Balance at 31 December 2019	-	-	-
Balance at 31 December 2018	10,386	-	10,386

Mining rights

The mining rights owned by the Group have been fully written down because, at the date of the approval of the financial statements, it remains the intention of the Group to dissolve the mining subsidiary.

Exploration & evaluation assets

All exploration & evaluation assets were sold post year and have been transferred to Assets available for resale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

**15. Fixed Asset Investment
Company**

	Group undertaking £'000	Loan to Group undertaking £'000	Total £'000
Cost			
Balance at 1 January 2018	9,630	2,817	12,447
Balance at 31 December 2018	<u>9,630</u>	<u>2,817</u>	<u>12,447</u>
Balance at 1 January 2019	9,630	2,817	12,447
Transfer to assets available for sale	(9,630)	(2,817)	(12,447)
Balance at 31 December 2019	<u>-</u>	<u>-</u>	<u>-</u>
Provisions for diminution in value			
Balance at 1 January 2018	2,828	2,817	5,645
Balance at 31 December 2018	<u>2,828</u>	<u>2,817</u>	<u>5,645</u>
Balance at 1 January 2019	2,828	2,817	5,645
Impairment	6,699	-	6,699
Transfer to assets available for sale	(9,527)	(2,817)	(12,344)
Balance at 31 December 2019	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2019	-	-	-
At 31 December 2018	<u>6,802</u>	<u>-</u>	<u>6,802</u>

Investment in Group undertaking is in relation to a 100 per cent holding in Sonnberg, a company incorporated in Namibia and a 100 per cent holding in Anglo African Oil & Gas Congo SAU (AAOGC), a company incorporated in Republic of the Congo.

The loan to Group undertaking is denominated in GBP and is interest-free.

All investments and loans have been impaired to fair value based on the disposal of AAOGC in May 2020, see note 16.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

16. Disposal groups classified as held for sale and discontinued operations**Group**

On 4 May 2020 the group sold its 100% owned subsidiary Anglo African Oil & Gas Congo SAU (AAOGC), the gross proceeds of the sale were £200,000, the carrying value of the disposal group has been reduced to £103,000 to reflect the legal costs of the disposal.

Under IFRS 5 the results of the disposal group are included separately in the consolidated income statement and the comparatives are restated. The detailed results are summarised as follows:

	31 December 2019 £'000	31 December 2018 £'000
Revenue	319	133
Cost of sales	(1,070)	(466)
	(751)	(333)
Administrative expenses	(265)	(663)
Impairment of trade and other receivables	-	(1,537)
Impairment of oil and gas assets	-	(3,407)
Impairment of exploration and evaluation assets	(9,493)	(1,499)
Operating loss	(10,509)	(7,439)
Finance cost	(10)	(43)
Loss from discontinuing operation before tax	(10,519)	(7,482)
Taxation	24	(9)
Loss for the year from discontinuing operation	(10,495)	(7,491)
Other comprehensive income	-	-
Total comprehensive loss for the year	(10,495)	(7,491)
Loss on re-measurement and disposal		
Loss before tax on re-measurement to fair value less costs to sell	(10,495)	(7,491)
Loss tax on disposal	-	-
Total loss on re-measurement and disposal	(10,495)	(7,491)
Loss for the year from discontinuing operations	(10,495)	(7,491)

ANGLO AFRICAN OIL & GAS plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

Group

The carrying amounts of assets and liabilities in this disposal group are summarised as follows:

	31 December
	2019
	£'000
Non-current assets	
Property, plant and equipment	182
Intangible assets	2,856
Current assets	
Stock	37
Trade receivables	125
Other receivables	2,256
Cash and cash equivalents	26
Assets classified as held for sales	5,482
Current liabilities	
Provisions	2,942
Trade and other payables	2,437
Liabilities classified as held for sales	5,379

Company

The carrying amounts of assets and liabilities in this disposal group are summarised as follows:

	31 December	31 December
	2019	2018
	£'000	£'000
Current assets		
Fixed asset investments	103	-
Assets classified as held for sales	103	-

17. Stock
Group

	31 December	31 December
	2019	2018
	£'000	£'000
Stock	-	37

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**18. Trade and other receivables**

Group		31 December	31 December
		2019	2018
		£'000	£'000
Trade receivables		-	4
Directors loan (see note 24)		25	-
Other receivables		472	6,537
Less: expected credit loss provision		-	(2,406)
		<u>497</u>	<u>4,135</u>
Company		31 December	31 December
		2019	2018
		£'000	£'000
Current:			
Other receivables		472	294
Directors loan (see note 24)		25	-
		<u>497</u>	<u>294</u>
Non-current:			
Amounts owed by group undertakings		11,974	8,760
Impairment		(11,974)	-
Less: expected credit loss provision		-	(438)
		<u>-</u>	<u>8,322</u>

The 100% owned subsidiary Anglo African Oil & Gas Congo SAU (AAOGC), was sold in May 2020, with the sale of the AAOGC the Company impaired the amounts owed by AAOGC based on the sale proceeds, see note 16.

The 'Other receivables' at Group Level in 2018 of £6.5 million included the amounts receivable by AAOGC from SNPC of £6.2 million. A provision of £1.5 million has been made against the receivables from SNPC.

19. Cash and cash equivalents

Group		31 December	31 December
		2019	2018
		£'000	£'000
Bank balances		170	121
Cash and cash equivalents		<u>170</u>	<u>121</u>
Company		31 December	31 December
		2019	2018
		£'000	£'000
Bank balances		170	66
Cash and cash equivalents		<u>170</u>	<u>66</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

There is no material difference between the fair value of cash and cash equivalents and their book value.

20. Trade and other payables

Group	31 December	31 December
	2019	2018
	£'000	£'000
Trade payables and accruals	519	5,328
Other payables	192	592
	<u>711</u>	<u>5,920</u>

Company	31 December	31 December
	2019	2018
	£'000	£'000
Trade payables and accruals	519	1,367
Other payables	192	100
	<u>711</u>	<u>1,467</u>

Trade payables and accruals comprise amounts payable to suppliers and accrued expenses at the year-end. The Group's and Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 23.

There is no material difference between the fair value of trade and other payables and their book value.

21. Share capital

	Number of shares	
	31 December	31 December
	2019	2018
<i>In issue at year end – fully paid:</i>		
Ordinary shares of 5p each	396,548,396	177,929,038
Deferred shares of 9p each	39,922,460	39,922,460
B Deferred shares of 0.9p each	86,998,615	86,998,615

	Share capital	
	31 December	31 December
	2019	2018
	£	£
<i>In issue at year end – fully paid:</i>		
Ordinary shares of 5p each	19,827,420	8,896,453
Deferred shares of 9p each	3,593,021	3,593,021
B Deferred shares of 0.9p each	782,988	782,988
	<u>24,203,429</u>	<u>13,272,462</u>

ANGLO AFRICAN OIL & GAS plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

The holders of deferred shares are not entitled to receive dividends or to vote at meetings of the Company and have no material interest in the Company's residual assets.

Issues of ordinary shares

	Number of shares	Ordinary share capital £'000	Share premium £'000
Ordinary shares of 5p each			
As at 1 January 2018	69,504,565	3,475	12,004
Issue of shares 4 June 2018	92,551,459	4,628	2,777
Issue 29 November 2018	11,904,761	595	151
Issue 5 December 2018	3,968,253	198	52
Less: Issuance costs	-	-	(492)
As at 31 December 2018	177,929,038	8,896	14,492
Issue 9 January 2019	60,000,000	3,000	3,000
Issue 17 July 2019	158,619,358	7,931	318
Less: Issuance costs	-	-	(700)
As at 31 December 2019	396,548,396	19,827	17,110

On 9 January 2019, the Company issued 60,000,000 ordinary shares of 5p each at a premium of 5p per share.

On 17 July 2019, the Company issued 49,288,347 ordinary shares of 5p each at a premium of 0.2p per share.

On 17 July 2019, the Company issued 109,331,011 ordinary shares of 5p each to Riverfort Global Opportunities PCC Limited 'Riverfort' at a premium of 0.2p per share, the proceeds from this sale, were repaid to Riverfort, see note 10.

Share-based payment arrangements

As at 31 December 2019, the Group maintained a management incentive share-based payment scheme for certain employees, including Directors. The scheme will be settled in equity. Options under this programme will vest if oil production milestones are achieved at the Tilapia oilfield in the Republic of the Congo as follows:

Earliest vesting date	Number of shares vesting	Required bopd production over a consecutive 30-day period
16 March 2017	4,522,566	1,000
16 March 2018	4,522,566	2,500
16 March 2019	4,522,567	5,000

Upon vesting, the option allows the holder to purchase one ordinary share at a price of 20 pence per share.

Share options and weighted-average exercise prices are as follows for the reporting periods presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

	Number of shares	Weighted average exercise price per share (pence)
Outstanding at 1 January 2019	13,567,699	20p
Granted	-	20p
Forfeited	(13,567,699)	20p
At 31 December 2019	-	20p

The fair values of options granted were determined using the Black-Scholes option pricing model. The following principal assumptions were used in the valuation:

Grant date	16 March 2017, 16 February 2018 and 19 November 2018
Share price at date of grant	28.5 pence, 10.1 pence and 7.25 pence
Volatility	75%
Option life	Ten years
Dividend yield	0.0%
Risk free investment rate	0.5%
Fair value per option at date of £	16.46 pence, 6.90 pence and 4.91 pence
Exercise price at date of grant	20 pence

The underlying volatility was determined by reference to historical data of comparator companies traded on AIM.

As the share options are based on production, at discontinued operations which were never achieved, all options are considered forfeited in the year.

In total, a credit of £135,000 (2018: £3,540 credit) of equity share-based payment transactions have been included in profit or loss and credited to retained earnings.

22. Provisions

Group	31 December 2019 £'000	31 December 2018 £'000
Balance brought forward	2,907	2,612
Provision made during the year	35	295
Transfer to liabilities included in disposal group classified as held for sale	(2,942)	-
	<u>-</u>	<u>2,907</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

23. Financial instruments and financial risk management

Overview

The Group has exposure to the following risks arising from financial instruments.

- credit risk
- liquidity risk
- market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk-management framework

The Company's Directors have overall responsibility for the establishment and oversight of the Group's risk-management framework.

The Group's risk-management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk-management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Group

	Note	Carrying amount	
		31 December	31 December
		2019	2018
		£'000	£'000
Trade and other receivables	18	497	4,135
Cash and cash equivalents	19	170	121
		<u>667</u>	<u>4,256</u>

Company

	Note	Carrying amount	
		31 December	31 December
		2019	2018
		£'000	£'000
Trade and other receivables	18	497	8,616
Cash and cash equivalents	19	170	66
		<u>667</u>	<u>8,682</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

Group**31 December 2019**

	Carrying amount £'000	2 months or less £'000	2 to 12 months £'000
Non-derivative financial liabilities			
Trade and other payables	711	686	25
	<u>711</u>	<u>686</u>	<u>25</u>

31 December 2018

	Carrying amount £'000	2 months or less £'000	2 to 12 months £'000
Non-derivative financial liabilities			
Trade and other payables	5,920	-	5,920
	<u>5,920</u>	<u>-</u>	<u>5,920</u>

Company**31 December 2019**

	Carrying amount £'000	2 months or less £'000	2 to 12 months £'000
Non-derivative financial liabilities			
Trade and other payables	711	686	25
	<u>711</u>	<u>686</u>	<u>25</u>

31 December 2018

	Carrying amount £'000	2 months or less £'000	2 to 12 months £'000
Non-derivative financial liabilities			
Trade payables	1,467	-	1,467
	<u>1,467</u>	<u>-</u>	<u>1,467</u>

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's and Company's income or the value of its holdings of financial instruments. The objective of market-risk management is to manage and control market-risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to foreign currency risk on purchases that are denominated in currencies other than GBP. The currencies giving rise to this risk were primarily the US dollar, the euro and the Central African franc (CFA).

ANGLO AFRICAN OIL & GAS plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

No sensitivity risk as at 31 December 2019 has been included, as the Company only hold minimal foreign currency risk since the disposal of AAOGC.

At the year-end, the Group held the following assets/ (liabilities in currencies other than GBP:

Group

31 December 2019

	USD US\$ 000's	Euro € 000's	XAF CFA 000's
Cash and cash equivalents	1	-	-
Trade and other receivables	-	-	-
Trade and other payables	(17)	-	-
Total	(16)	-	-

31 December 2018

	USD US\$ 000's	Euro € 000's	XAF CFA 000's
Cash and cash equivalents	33	-	18,132
Trade and other receivables	270	61	3,577,639
Trade and other payables	(1,731)	(1,288)	(987,361)
Total	(1,428)	(1,227)	2,608,410

Company

31 December 2019

	USD US\$ 000's	Euro € 000's
Cash and cash equivalents	1	-
Trade and other receivables	-	-
Trade and other payables	(17)	-
	(16)	-

31 December 2018

	USD US\$ 000's	Euro € 000's
Cash and cash equivalents	29	-
Trade and other receivables	859	3,024
Trade and other payables	(270)	(61)
	618	2,963

Capital management

The Group's and Company's objective when managing capital is to safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds to support continued operations. The Company considers its capital to comprise equity capital less accumulated losses.

24. Related parties

On 3 January 2020 David Sefton repaid £25,000 to the Company, in relation to personal expenses incurred by the Company.

During 2019 the Company was invoiced for Consultancy services, from 'The Petroleum and Renewable Energy Company Limited' totalling £71,000 (2018 - £141,000) as at 31 December 2019 there was £58,000 (2018 - £53,000) of these invoices outstanding and included in trade creditors. Phil Beck is a director of The Petroleum and Renewable Energy Company Limited.

During 2019 the Company received £150,000 from Anglo Tunisian Oil & Gas Limited ("ATOG") for reimbursement of the costs incurred on the aborted efforts to acquire the Tunisian assets of MedCo, the Company is continuing discussions with ATOG to agree a final settlement in respect of matters outstanding between the parties.

David G F Sefton was a director of ATOG from 22 March 2019 to 15 November 2019.

Anthony J Berwick is currently a director of ATOG after his appointment on 25 March 2019.

25. Contingent liabilities

The Company has received notice of a potential claim from Askill Limited ("Askill"), an energy advisory firm, for US \$1.75 million. Askill's alleged claim relates to the Company's aborted efforts to acquire the Tunisian assets of MedCo. No formal legal claim has been filed against the Company.

The board of Directors believes the Askill potential claim is without merit, as the claim is in respect of completion fees in relating to the Medco acquisition, the acquisition was rejected by the board of ATOG in March 2019.

26. Events after the reporting date

On 13 January 2020 the Company reduced the nominal value of each Ordinary Share from £0.05 to £0.001, by subdividing each ordinary share into one new ordinary share of £0.001 and one deferred share of £0.049.

On 20 January 2020 the Company received £361,000 from Riverfort from the sale of its remaining 84,041,011 ordinary shares, see note 10.

In early 2020 the COVID-19 pandemic, spread across the globe, this led to the closure of the office in the Republic of Congo and the delay in the release of the annual report. Currently in the short term, the Company is not significantly impacted as it is not operational and employees are conducting the Company business from home. We are still assessing the longer term impact of the pandemic and the effect on any potential acquisitions.

On 1 April 2020 the Company received £50,000 from the issue of 22,727,272 ordinary shares.

On 4 May 2020 the company sold its 100% owned subsidiary, Anglo African Oil & Gas Congo SAU for £200,000, at which point the Company became an AIM Rule 15 cash shell.

On 11 June 2020 the company entered into an unsecured convertible loan note with Riverfort amounting to £1,500,000, the first drawdown of £160,000 was completed on 12 June. All drawdowns and associated fees are convertible into ordinary shares.

On 18 August 2020 the Company issued 7,089,684 ordinary shares at a price of £0.02821 each and on 2 September 2020 the Company issued 15,158,637 ordinary shares at a price of £0.002553 each in respect of the conversion by Riverfort Global Opportunities PCC Limited ("Riverfort") of £20,000 and £38,700 respectively in principal of the convertible loan note entered into between the Company and Riverfort on 10 June 2020.