

Company Registration
No. 07055133

CELTIQUE ENERGIE WEALD LIMITED

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

31 DECEMBER 2013



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Strategic Report

During the year under review, the principal activity was that of exploration for hydrocarbons.

The Company's investments are in the UK onshore licences PEDL 231, PEDL 232, PEDL 234, and PEDL 243

PERFORMANCE AND DEVELOPMENT REVIEW

UK – Southern England

Central Weald Licences

This area encompasses UK onshore licences PEDL 231, 234 and 243. Celtique is the operator of these licences with a 50% interest; Magellan Petroleum (UK) Limited is the other participant. The focus during the year has been on the acquisition of land for well sites and the preparation and submission of planning applications for acquired sites. The Broadford Bridge planning approval was received on 5th February 2013.

Well sites were acquired at five other sites including at Fernhurst and Wisborough Green. Planning applications were submitted for these two sites. Subsequent to the balance sheet date the Wisborough Green planning application was rejected. Management are considering its next steps. Stakeholder engagements and public consultations were held for Wisborough Green and Fernhurst.

In December 2013, the Department of the Environment and Climate Change (DECC) approved an extension to the Central Weald licences to June 2016.

Southern Weald Licence

This comprises UK onshore licence PEDL 232. Celtique is the operator of the licence with 50% equity; Magellan Petroleum (UK) Limited is the other participant. A surface location to test the South Singleton prospect was identified and negotiations to gain access to the land have progressed during the year. This licence was extended by DECC and required a drill or drop decision in June 2014.

Subsequent to the balance sheet date the Company in conjunction with its joint venture partners decided to formally relinquish the licence. In light of this decision the accumulated capitalized exploration costs for this permit will be written off in the next accounting period (as at December 2013, \$0.5 million).

FINANCIAL REVIEW

The loss for the year after tax was \$0.37 million (2012: \$0.30 million). The increase in loss was largely due to an increase in the management fees charged to the Company by the Group parent Celtique Energie Holdings Limited.

The Company has assets totalling \$6.4 million (2012: \$5.0 million); the increase is largely due to exploration activities on the Central Weald permits. Company liabilities totalled \$6.9 million (2012: \$5.1 million); the increase being largely due to intercompany funding during the financial year from its parent entity.

Financial risk management

The Company's financial risk management policies are in note 11.

HEALTH SAFETY AND ENVIRONMENT (HSE)

The Company is committed to conducting its business in a manner that protects people from harm and preserves the environment. The Group has designed policies and procedures to honour this commitment which are reviewed regularly. These include *inter alia*:

- Prescribing annual HSE performance targets and reporting regularly on those targets to the Board;

- Ensuring the availability of specialist support and providing advice to the Executive and the Board;
- Assigning specific responsibilities for HSE performance within the organisation; and
- Maintaining an Environmental Management System in line with industry standards.

The Group operates within the framework of the Health, Safety, Environment and Community (HSEC) Policy approved by the Board in December 2011. The policy incorporates a management system that embodies the principles of the HSEC Policy in all Celtique's operations. The policy is based on the UK Health and Safety Executive HSG065 Guidance. The HSEC Management Standards comprise ten standards which set expectations through a number of performance requirements and provide reference to procedures, guidelines and toolkits. There are eight Fundamental Safety Rules which are issued to all employees and contractors based on the principle of "proper equipment – good planning – safe execution".

PRINCIPAL RISKS AND UNCERTAINTIES

The Company, as an explorer for hydrocarbons faces a variety of risks. The nature of these risks may be specific to the industry, the Company and / or regulatory risks associated with the markets the Company operates within. Many of these risks are outside the Company's control.

Significant risks and uncertainties facing the Company are discussed below.

Risks relating to the oil and gas industry

- Estimates of commercial hydrocarbon reserves and resources are based on certain assumptions and changes in such assumptions could lead to a restatement of reported hydrocarbon reserves and resources;
- Special uncertainties exist with respect to proving, developing and funding the Company's contingent and prospective resources;
- Exploration and development activities are capital intensive and inherently uncertain in their outcome. As a result, the Company may not generate a return on its investments or recover its costs and it may not be able to generate cash flows or secure adequate financing for its discretionary capital expenditure plans;
- Exploration and development activities are dependent on the availability of equipment, such as drilling rigs and other related equipment, and third party services, and the costs of such equipment and services may increase;
- Exploration and development activities are inherently subject to a number of potential drilling and production risks and hazards which may affect the ability of the Company to produce oil and gas at expected levels, increase operating costs and / or expose the Company and / or its Directors and officers to legal liability; and
- The Company's ability to acquire assets may be materially adversely affected by intense competition in the oil and gas industry.

Risks relating to the business of the Company

- The Company's rights to conduct its exploration and development activities are limited in time. There is no guarantee or assurance that such rights can be extended;
- The Company's success depends on its ability to explore for, appraise, develop and produce its oil and gas reserves and acquire additional reserves;
- The Company's development plans depend in some cases on access to third party infrastructure which may be physically or commercially difficult to achieve;
- The Company's capital expenditure budget is based on certain assumptions. Should capital expenditure requirements be higher than anticipated, the Company's financial condition may be materially adversely affected;
- The Company's operations are conducted through unincorporated joint ventures with other companies. The Company may have conflicting interests with and priorities to

its joint venture partners which could lead to project delays or adverse financial consequences;

- The delivery of the Company's long-term plan is heavily dependent on its workforce. As the Company expands there is a requirement for the workforce to grow with it, and given the highly competitive nature of the oil and gas employment market, particularly in the technical disciplines, failure to appropriately staff the Company could have an adverse impact on results; and
- The Company is exposed to fluctuations in exchange rates that could have a material adverse effect on its financial condition and results of operations.

Regulatory risks relating to the Company's operations

- The Company's business is subject to governmental regulation which may be difficult to comply with and which is subject to change;
- Compliance with and changes in health, safety, environmental and other regulations, standards and expectations could have an adverse effect on the Company's financial condition and results of operations;
- Future legislation may require further reductions of greenhouse gas emissions, gas flaring and in discharges of oil; and
- The Company's tax position could change substantially as a result of changes in, or new interpretation of tax legislation.

In mitigation of these risks:

- The Company places a strong emphasis on subsurface analysis and employs appropriate personnel to conduct this analysis;
- The Company prioritises HSEC and has adopted and implemented a new HSEC Policy in 2012;
- The Company engages with government and industry organisations, e.g. the UK Onshore Operators' Group, to keep abreast of changes in the relevant jurisdictions;
- The Company actively manages its FX exposure through natural hedging and considers, when appropriate, entering into derivative transactions; and
- The Company reviews its cash flow requirements on an ongoing basis to ensure that existing lines of equity are sufficient to meet requirements.

On behalf of the board



G Davies
Director
1 August 2014

Directors' Report

During the prior period, the company changed its financial year end to 31 December. Consequently, comparative figures relate to the 9 month period ended 31 December 2012.

Events subsequent to the year end

Events subsequent to year end are discussed in note 16.

Directors

The directors who held office during the year and up to the date of signing the financial statements are listed on page 18 under Company Information.

Dividend

The Directors do not recommend the payment of a dividend (2012: nil).

Going Concern

The financial position of the Company is set out in the financial statements and the notes that follow. The Company is still in the exploration phase of its business and has not generated any revenues. It is therefore reliant on existing cash resources, the future support from its existing shareholders or its ability to raise funds from other private sources in order to be able to meet its obligations and planned expenditures in the foreseeable future.

The Directors have a reasonable expectation that the controlling parties of Celtique Energie Holdings Limited will continue to provide financial support to the Group for the foreseeable future. Under the terms of a Subscription Agreement signed on 21 December 2010 and subject to the terms of the Second Subscription Agreement Commitment, ACP Celtique Holdings LLC and Calmar LP have agreed to subscribe for Preference Shares up to an additional \$US 40 million. As at 31 December 2013, US\$ 5.0 million has been drawn and \$US 35.0 million remains available to be drawn under this Second Subscription Commitment.

The directors therefore believe that the Company will have sufficient cash to fund its activities, and to continue to meet its liabilities as they fall due, for at least the twelve months from the date of approval of these financial statements. The financial statements have, therefore, been prepared on the going concern basis.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement on disclosure of information to auditors

Each of the directors, whose names and functions are listed on the company information page, confirm that

- So far as each Director is aware, there is no information of which the Company's auditors are unaware; and
- Each Director has taken all the steps that he ought to have taken in his duty as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the board



G Davies
Director
1 August 2014

Independent Auditors' report to the Members of Celtique Energie Weald Limited

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The company financial statements (the "financial statements"), which are prepared by Celtique Energie Weald Limited, comprise:

- the statement of financial position as at 31 December 2013;
- the income statement for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgments, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Charles van den Arend (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge

1 August 2014

Income statement

		Year ended December 2013	9 months ended December 2012
	Notes	\$	\$
Administrative expenses		(17,158)	(14,611)
Other operating expense	4(i)	(348,048)	(273,135)
Operating loss		(365,206)	(287,746)
Finance income	4(ii)	55	127
Finance costs	4(iii)	(2,429)	(15,672)
Loss before income tax		(367,580)	(303,291)
Income tax expense	5(i)	-	-
Loss after tax for the financial year / period		(367,580)	(303,291)

Statement of comprehensive income

	Year ended December 2013	9 months ended December 2012
	\$	\$
Loss for the financial year / period	(367,580)	(303,291)
Other comprehensive income:		
Items that can be subsequently reclassified to profit and loss:		
Exchange differences on translating functional currency to presentational currency	(6,154)	33
Total comprehensive expense	(373,734)	(303,258)

Statement of financial position

	Notes	31 December 2013 \$	31 December 2012 \$
Non-current assets			
Exploration and evaluation assets	6	5,363,294	4,138,201
		5,363,294	4,138,201
Current assets			
Trade and other receivables	7	871,005	516,833
Cash and cash equivalents	8	151,777	352,582
		1,022,782	869,415
Total assets		6,386,076	5,007,616
Current liabilities			
Trade and other payables	9	55,345	106,994
Accruals	10	107,232	73,062
Intercompany loan payable	14	6,699,704	4,930,031
		6,862,281	5,110,087
Total liabilities		6,862,281	5,110,087
NET LIABILITIES		(476,205)	(102,471)
Equity			
Share capital	12	592,542	592,542
Foreign currency translation reserve		31,547	37,701
Retained deficit		(1,100,294)	(732,714)
TOTAL EQUITY		(476,205)	(102,471)

The financial statements of Celtique Energie Weald Limited (07055133) on pages 7 to 17 were approved by the Board of Directors and signed on its behalf by:



G Davies
Director
1 August 2014

Statement of changes in equity

	Share capital \$	Foreign currency translation reserve \$	Retained deficit \$	Total equity \$
31 December 2013				
At 1 January 2013	592,542	37,701	(732,714)	(102,471)
Total comprehensive expense	-	(6,154)	(367,580)	(373,734)
Balance at 31 December 2013	592,542	31,547	(1,100,294)	(476,205)

	Share capital \$	Foreign currency translation reserve \$	Retained deficit \$	Total equity \$
31 December 2012				
At 1 April 2012	592,542	37,668	(429,423)	200,787
Total comprehensive income / (expense)	-	33	(303,291)	(303,258)
Balance at 31 December 2012	592,542	37,701	(732,714)	(102,471)

Statement of cash flows

	Notes	Year ended 31 December 2013 \$	9 months ended 31 December 2012 \$
Operating activities			
Loss before tax		(367,580)	(303,291)
Adjustments for:			
Foreign exchange		(30,506)	(68,328)
Net finance costs		2,373	15,544
Working capital adjustments:			
Increase in trade and other receivables		(354,173)	(516,833)
(Decrease) / increase in trade and other payables		(51,649)	24,652
Increase / (decrease) in accruals		73,839	(22,307)
Net cash outflow from operating activities		(727,696)	(870,563)
Investing activities			
Finance income received	4ii	55	127
Expenditure on evaluation and exploration assets		(1,105,170)	(907,568)
Net cash outflow from investing activities		(1,105,115)	(907,441)
Financing activities			
Finance costs paid	4iii	(495)	(364)
Increase in intercompany loan payable		1,632,448	1,716,097
Net cash inflow from financing activities		1,631,953	1,715,733
Decrease in cash and cash equivalents		(200,858)	(62,271)
Net foreign exchange difference on cash		53	117
Cash and cash equivalents at beginning of the year / period		352,582	414,736
Cash and cash equivalents at the end of the year / period	8	151,777	352,582

Notes to the financial statements for the year ended 31 December 2013

1. Significant accounting policies

a) Reporting entity

Celtique Energie Weald Limited (the 'Company') is primarily engaged in exploration for hydrocarbons.

The Company is a limited company, incorporated and domiciled in England and Wales. The registered office is located at Lion House, Red Lion Street, London, WC1R 4GB.

b) Basis of preparation

The financial statements of the Company for the year ended 31 December 2013 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, International Financial Reporting Interpretations Committee (IFRIC) interpretations and the Companies Act 2006 applicable for Companies reporting under IFRS.

During the prior period the Company elected to change its financial year end to 31 December. Therefore the company prepared a short period set of financial statements, for the period 1 April 2012 to 31 December 2012, being 9 months.

The financial statements of the Company for the year ended 31 December 2013 have been prepared on a going concern basis. The parent company Celtique Energie Holdings Limited has agreed to provide funding as and when necessary for at least 12 months from the date of approval, of those financial statements. The directors' assessment of going concern concludes that the use of the going concern basis is appropriate because there are no material uncertainties that may cast significant doubt about the ability of the Group to continue as a going concern.

The accounting policies adopted are consistent with those applied in the financial statements for the period ended 31 December 2012, other than those disclosed in note 1(i).

c) Basis of measurement

The financial statements have been prepared under the historical cost convention.

d) Presentation and functional currencies

The financial statements are presented in United States Dollars (\$), which is the presentation currency of the Company's ultimate parent company. All values are rounded to the nearest dollar, except where otherwise states.

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the Company operates. The Company has assessed the functional currency to be Pound Sterling (£).

e) Foreign currency translation

Transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency spot rate ruling at the date of the transaction for each entity. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

f) Exploration and evaluation assets

All licence acquisition, exploration and appraisal costs incurred are initially capitalised as intangible assets, in respect of each identifiable project area. Such intangible costs include directly attributable overhead, including the depreciation of property plant and equipment utilised in E&E activities, together with the cost of other materials consumed during the exploration and evaluation phase. These costs, which are classified as intangible fixed assets, are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where the activities in the area have not reached a stage which permits reasonable assessment of the existence of economically recoverable reserves (the "successful efforts" basis). Pre-licence project costs are expensed immediately. Other

costs are written off unless commercial reserves have been established or the determination process has not been completed. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences the accumulated costs for the relevant area of interest are transferred from intangible assets to tangible assets and depreciated by reference to the estimated quantity of reserves at the end of the period plus production during the year.

g) Impairment of assets

Exploration and evaluation assets

Exploration and evaluation assets are assessed for indicators of impairment in accordance with the Company's accounting policy under IFRS 6. Exploration and evaluation assets are only assessed for impairment where the facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. Indications that the carrying amount of the asset may exceed its recoverable amount include:

- Substantive expenditure on further exploration and evaluation activities on the asset or group of assets is neither budgeted nor planned;
- The entity has decided to discontinue activities on the asset or group of assets as a result of failing to find commercially viable quantities of hydrocarbons; and
- The entity has sufficient data indicating that the carrying amount of the asset or group of assets is unlikely to be recovered in full from successful development or by sale.

Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset, that can be reliably measured.

Impairment reversals

Impairments recognised to assets other than goodwill may be reversed if the circumstances leading to the impairment no longer exist or have decreased, by increasing the carrying value of the asset to its recoverable amount. This may not exceed the carrying value that would have been determined, net of depreciation, had no impairment loss previously been recognised. Impairments to goodwill cannot be reversed in accordance with IAS 36.

h) Interests in joint ventures

The Company's interests in jointly controlled assets are accounted for by recognising its proportionate share in assets and liabilities from joint ventures, except where as operator Celtique takes on the role as independent contractor. In these instances, receivables and payables relating to jointly controlled operations are brought to account on a gross basis. Joint venture expenses and the Company's entitlement to production are recognised on a pro rata basis according to the Company's joint venture interest.

i) Investments

Investments are initially measured at cost and carried net of any provisions for impairment

j) Financial instruments

Loans and other receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted on an active market are classified as loans and receivables.

Loans and receivables are initially measured at fair value less directly attributable transactions costs. After initial recognition, they are subsequently measured at amortised cost using the effective interest rate method less any impairment.

Trade and other receivables are recognised when invoiced.

Bank deposits

Bank deposits with an original maturity of over three months are held as a separate category of current asset and presented on the face of the statement of financial position.

Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and on hand, restricted cash holdings (cash held in joint venture) and short-term deposits with an original maturity of three months or less.

For the purposes of the Company statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

Trade payables and other non-derivative financial liabilities

Trade payables and other creditors are non-interest bearing and are measured at cost.

k) Taxation

The tax expense represents the sum of current and deferred income tax.

Current income tax

Current tax is provided at amounts expected to be paid (or recovered) using tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date, in the country in which the Company operates.

Deferred income tax

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are not recognised if a temporary difference arises on initial recognition of an asset or liability in a transaction (other than a business combination), that at the time of the transaction, affects neither, accounting nor taxable profit or loss.

A deferred tax asset is recognised to the extent that it is probable that future income tax profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, jointly controlled entities and associates, except where the timing of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured based on tax rates (and tax laws) enacted or substantively enacted at the statement of financial position date. Deferred tax relating to items recognised directly in equity is recognised in equity and not the income statement. Deferred tax liabilities may be offset against deferred tax assets within the same tax entity and tax jurisdiction. Measurement of deferred tax liabilities and assets reflect the tax consequences expected to arise from the manner in which the asset or liability is recovered or settled.

l) Changes in accounting policy and disclosures

All accounting policies adopted are consistent with those of the previous financial year except for the new and amended IFRS and IFRIC interpretations:

- **IFRS 7 Financial Instruments – Disclosures:** The amendment relates to disclosure only and has no impact on the Company earnings or shareholders' funds in the current or prior year.
- **IFRS 13 Fair Value Measurement:** The standard defines fair value, provides guidance on its determination and introduces consistent requirements for disclosures on fair value measurements. The standard does not include requirements on when fair value measurement is required but prescribes how fair value is to be measured if another standard requires it. As a result of the guidance of IFRS 13, the group re-assessed its policies for measuring fair values, in particular, its valuation inputs such as non-performance risk for fair value measurements of liabilities. IFRS 13 also requires additional disclosures.

Application of IFRS 13 has not materially impacted the fair value measurements of the Group. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

m) New Standards and interpretations not yet adopted

Standards issued and relevant to the Company, but not yet effective up to the date of issuance of the Company's financial

statements are listed below. This listing is of Standards and Interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these Standards when they become effective. The directors do not anticipate that the adoption of these Standards will have a material impact on the Company's financial statements in the period of initial application:

- IFRS 9 'Financial Instruments'; (effective 1 January 2015)

The following effective 1 January 2014:

- IFRS 10 'Consolidated Financial Statements'
- IFRS 11 'Joint Arrangements'
- IFRS 12 'Disclosure of Interest in Other Entities'
- IAS 27 'Separate Financial Statements'
- IAS 28 (Revised) 'Investments in Associates and Joint Ventures'
- IAS 32 'Financial Instruments: Presentation'
- Transition Guidance (Amendments to IFRS10, IFRS11 and IFRS 12)
- Amendments to IAS 36, 'Impairment of assets' on recoverable amount disclosures

2. Critical accounting estimates, assumptions and judgements

a) Critical accounting estimates and assumptions

- Impairment

Impairment of assets is assessed in accordance with note 1(g). For oil and gas assets, the recoverable amount is calculated using valuation techniques and inputs of various estimates including the expected future cash flows based on reserves, future production profiles, commodity prices, exchange rates, discount rates and inflation rates.

b) Critical judgements in applying the Company's accounting policies

- Exploration and evaluation

The Company accounts for exploration and evaluation assets in accordance with the policy set out in note 1(f). In applying this policy, management are required to make certain judgements in relation to the assessment of whether reserves are commercially viable. Where costs have been capitalised and are subsequently considered unsuccessful, the capitalised amounts are written off to the income statement.

3. Segmental reporting

Management have considered the requirements of IFRS 8 in regard to the determination of operating segments. Based on this analysis Management have determined that the Company is outside the scope of IFRS 8, and therefore no segmental reporting is provided.

4. Other income / expenses**i. Other operating expense**

	Year ended December 2013 \$	9 months ended December 2012 \$
Management fees	348,048	273,135
Total other operating expenses	348,048	273,135

ii. Finance Income

	Year ended December 2013 \$	9 months ended December 2012 \$
Interest income	55	127
Total finance income	55	127

iii. Finance costs

	Year ended December 2013 \$	9 months ended December 2012 \$
Bank Interest	495	364
Foreign exchange expense	1,934	15,308
Total finance costs	2,429	15,672

iv. Auditors' remuneration

	Year ended December 2013 \$	9 months ended December 2012 \$
Fees payable for the audit of the Company's statutory financial statements	16,157	15,374
Total fees payable to auditor	16,157	15,374

v. Staff costs and Directors' emoluments

The Company had no employees during the year (2012: nil). The Directors did not receive any remuneration in respect of their services to the Company (2012: \$nil).

5. Income tax**i. Income statement**

There was no income tax charge for the periods ended 31 December 2013 and 31 December 2012.

ii. Statement of comprehensive income

There were no tax items charged or credited directly within equity for the periods ended 31 December 2013 and 31 December 2012.

iii. Reconciliation of accounting profit before tax to tax expense recorded in the income statement

A reconciliation between tax expense and the product of accounting profit multiplied by the UK standard income tax rate for the year ended 31 December 2013 is as follows:

	Year ended December 2013 \$	9 months ended December 2012 \$
Accounting loss before income tax	(367,580)	(303,291)
Accounting loss multiplied by the UK standard corporation tax rate of 23.25% (2012: 24%)	(85,462)	(72,790)
<i>Effect of:</i>		
UK expenses not deductible for tax purposes	323	-
Temporary differences not recognised / profits not taxable	85,139	72,790
Income tax expense / benefit reported in the income statement	-	-

Total tax allowances available to claim in future periods in respect of revenue trading expenditure (to the extent that the company commences a trade within seven years from the time the expenditure was incurred) are \$78,255 (2012: \$58,694) and in respect of capital expenditure are \$6,407,304 (2012: \$4,815,774). Based on these the Company could receive effective tax relief of \$48,518 (2012: \$36,390) and \$3,972,553 (2012: \$2,985,780) respectively. No deferred tax asset has been set up in respect of this amount because at this point in the Company's development it is not certain that future taxable profits will be available against which the company can utilise these expenditures.

The reduction in the main rate of corporation tax from 26% to 24% with effect from 1 April 2012 was substantively enacted via a resolution passed by Parliament on 26 March 2012. The Finance Act 2012 was substantively enacted on 3 July 2012 and included legislation to reduce the main rate of corporation tax from 24% to 23% with effect from 1 April 2013.

Further changes to the UK Corporation tax rates were announced in the 2012 Autumn Statement and the March 2013 Budget. These include further reductions to the main rate to reduce the rate to 21% with effect from 1 April 2014 and to 20% with effect from 1 April 2015. These changes were substantively enacted on 2 July 2013.

6. Exploration and evaluation assets

	December 2013 \$	December 2012 \$
Net carrying amount at start of the year / period	4,138,201	3,177,745
Additions	1,065,502	907,518
Exchange rate adjustments	159,591	52,938
Carrying amount at end of the year / period	5,363,294	4,138,201

The amounts for intangible exploration and evaluation assets represent active exploration projects. These amounts will be written off to the income statement as exploration costs unless commercial reserves are established or the determination process is not completed and there are no indications of impairment. The outcome of ongoing exploration, and therefore whether the carrying value of exploration and evaluation assets will ultimately be recovered, is inherently uncertain.

The Company has joint venture interests as set out in the table below:

Area	Licence	Equity interest 2013	Equity interest December 2012
Central Weald	PEDL 231	50%	50%
Southern Weald	PEDL 232	50%	50%
Central Weald	PEDL 234	50%	50%
Central Weald	PEDL 243	50%	50%

All the above licences are held equally by Celtique Energie Weald Limited and its joint venture investment partner, Magellan Petroleum (UK) Limited. These licences were awarded on 1 July 2008 and expire on 1 July 2016. Celtique Energie Weald Limited acts as the operator on these licences.

7. Trade and other receivables

	December 2013 \$	December 2012 \$
Joint venture receivables	871,005	516,833
	871,005	516,833

All trade and other receivables at 31 December 2013 (2012: \$nil) are not past due or impaired, and are considered to be fully recoverable. No collateral is held as security for any of the receivables.

8. Cash and cash equivalents

	December 2013 \$	December 2012 \$
Cash at bank and in hand	2,448	10,149
Cash held in joint venture accounts	149,329	342,433
	151,777	352,582

Cash held in joint venture accounts represents the Company's share of joint venture cash balances. Cash balances held in joint venture accounts may only be used in relation to joint venture activities and are subject to the terms set out in the relevant joint operating agreements.

9. Trade and other payables

	December 2013 \$	December 2012 \$
Trade payables	55,345	106,994
	55,345	106,994

Trade payables are non-interest bearing and normally settled on 25 to 35 day terms.

10. Accruals

	December 2013 \$	December 2012 \$
Accruals	107,232	73,062
	107,232	73,062

11. Financial instruments**a) Classification of financial instruments and financial management**

The Company's principal financial liabilities comprise trade and other payables, accruals and intercompany loans payable. All financial liabilities at the year end are held at amortised cost.

The Company has various financial assets such as trade and other receivables and cash and cash equivalents. All financial assets at the year end are classified as loans and receivables.

The main risks that could adversely affect the Company's financial assets, liabilities or future cash flows are credit risk, foreign currency risk, interest rate risk, and liquidity risk. The Company has not entered into any derivative financial instruments to hedge exposures to exchange rates. Management policies for managing each of these risks are described in notes 11(c) to 11(f).

b) Fair value of financial assets and liabilities

Set out in the table below are the financial instruments recorded in the statement of financial position, providing a comparison by category of carrying amounts and their fair values.

	December 2013		December 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$	\$	\$	\$
Financial assets:				
Trade and other receivables	871,005	871,005	516,833	516,833
Cash and cash equivalents	151,777	151,777	352,582	352,582
Financial liabilities:				
Trade and other payables	55,345	55,345	106,994	106,994
Accruals	107,232	107,232	73,062	73,062
Intercompany loans payable	6,699,704	6,699,704	4,930,031	4,930,031

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Cash and cash equivalents, trade and other receivables and trade and other payables approximate their carrying values largely due to the short-term maturities of these instruments.

c) Credit risk

Credit risk represents the loss that would be recognised if the counterparties to financial instruments fail to perform as contracted. The Company's maximum exposure to credit risk is limited to the carrying value of financial assets as disclosed in note 11(b).

The Company receives cash from its joint venture partners, from time to time, arising from recharges to the joint ventures. Credit risk associated with this relationship is managed within the framework of the Joint Operating Agreements by generally spending on projects when the funds are already in place.

The Company may have significant cash balances arising from cash calls. Cash is maintained on deposit with HSBC Bank plc. The Group has policies in place to ensure that cash is only deposited with approved banks.

d) Currency exposure

Foreign currency risk includes cash and cash equivalents, trade and other receivables, trade and other payables and intercompany loans. The following discussion also includes a sensitivity analysis that is intended to illustrate the sensitivity to changes in market variables on the Company's financial instruments and show the impact on profit or loss and shareholders' equity, where applicable.

(i) Exposure to currency risk

The Company operates in the UK and incurs the majority of costs in GBP. The company is also funded in GBP. As a result, the Company is not typically exposed to prolonged periods of exchange rate volatility that may adversely affect the Company's results or financial position. To mitigate any potential risk the Company actively monitors movements in appropriate foreign exchange rates and hedges known currency exposures.

- e) The Company has transactional currency exposure. Exposure arises with purchases in currencies other than the functional currency. The Company manages this risk by matching receipts and payments in the same currency (where possible) and monitoring the movements in exchange rates. The Company's exposure to foreign currency was negligible at 31 December 2013 and 31 December 2012, as the majority of year end balances were held in the functional currency, being GBP. Interest rate risk management**

Financial instruments exposed to interest rate risk include cash and cash equivalents.

The following table demonstrates the Company's exposure to interest rate risk and sensitivity analysis to a reasonably possible change of 100 basis points in interest rates, (with all other variables held constant) on balances of which interest is charged.

	Floating interest rate		Sensitivity Analysis			
			Income Statement		Equity	
			100 Bp* increase	100 Bp* decrease	100 Bp* increase	100 Bp* decrease
31 December 2013	\$	Total \$	\$	\$	\$	\$
Cash and cash equivalents	151,777	151,777	1,518	(1,518)	-	-
	151,777	151,777	1,518	(1,518)	-	-

	Floating interest rate		Sensitivity Analysis			
			Income Statement		Equity	
			100 Bp* increase	100 Bp* decrease	100 Bp* increase	100 Bp* decrease
31 December 2012	\$	Total \$	\$	\$	\$	\$
Cash and cash equivalents	352,582	352,582	3,526	(3,526)	-	-
	352,582	352,582	3,526	(3,526)	-	-

* Basis points

f) Liquidity risk management

The Company currently relies on intercompany loans from its ultimate parent (Celtique Energie Holdings Limited) to manage its funding requirements. Liquidity risk is managed by ensuring capital calls in the parent company are issued well in advance to meet payment of expenses as they arise.

Intercompany loans are not expected to be repaid in the immediate future. Terms and conditions for transactions with subsidiaries are the same as with external parties, with the exception that balances are placed on intercompany accounts with no specified credit period.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
31 December 2013	\$	\$	\$	\$	\$	\$	\$
Non-derivative financial liabilities							
Trade and other payables	55,345	55,345	55,345	-	-	-	-
Accruals	107,232	107,232	107,232	-	-	-	-
	162,577	162,577	162,577	-	-	-	-
31 December 2012	\$	\$	\$	\$	\$	\$	\$
Non-derivative financial liabilities							
Trade and other payables	106,994	106,994	106,994	-	-	-	-
Accruals	73,062	73,062	73,062	-	-	-	-
	180,056	180,056	180,056	-	-	-	-

e) Commodity risk management

The Company is not exposed to commodity risk as there is no production, and where appropriate operational insurances are put in place.

12. Share capital

	December 2013	December 2012
	Number of shares	Number of shares
Ordinary shares (£1 each):		
Authorised	400,000	400,000
Allotted, called-up and paid-up	400,000 592,542	400,000 592,542

13. Capital management

The Company is reliant on the ultimate parent company, Celtique Energie Holdings Limited, for capital in order to undertake its principal activity.

The primary objective of the Group's capital management is to ensure financial stability, manage financial risks and secure the Group's short-term and long-term need of capital. The Group defines its capital as equity, comprising share capital and reserves. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group calls on cash from its investors.

The Group manages its short-term capital requirements through the presentation of its monthly management accounts and quarterly forecasts, making capital structure adjustments as considered necessary. Management of the medium to long-term capital requirements of the Group is monitored by the Board by way of the Annual Budget and 5 year plan.

14. Related party disclosures

a) Related party transactions

During the year ended 31 December 2013, the Company entered into transactions, in the ordinary course of business, with related parties. Transactions entered into, and trading balances outstanding with related parties, are as follows:

December 2013	Sales to	Purchases from	Financing Received	Amounts owed by	Amounts owed to
	\$	\$	\$	\$	\$
Celtique Energie Holdings Limited	-	385,076	344,289	-	1,890,989
Celtique Energie Petroleum Ltd	-	-	253,981	-	4,808,715
	-	385,076	598,270	-	6,699,704
December 2012	\$	\$	\$	\$	\$
Celtique Energie Holdings Limited	-	273,551	22,151	-	467,233
Celtique Energie Petroleum Ltd	-	-	1,008,066	-	4,462,798
	-	273,551	1,030,217	-	4,930,031

b) Parent and controlling party

The Company's parent company through controlling interest at 31 December 2013 was Celtique Energie Holdings Limited which owned 100% of Celtique Energie Petroleum Ltd (CPL), with CPL owning 100% of the shares in the Company. All entities are registered in England. Copies of the ultimate parent's consolidated financial statements can be obtained from the Company's registered office.

c) Entity with significant influence over the Company

The immediate parent company is Celtique Energie Petroleum Ltd, a company incorporated in England and Wales.

d) Terms and conditions of transactions with related parties

Sales and purchases of goods and services between related parties are made at normal market prices and on terms equivalent to those that prevail in arm's length transactions. Outstanding balances with related parties other than subsidiaries are unsecured, interest free and cash settlement is expected within 30 days of invoice. Terms and conditions for transactions with subsidiaries are the same, with the exception that balances are placed on intercompany accounts with no specified credit period. Intercompany loans are unsecured, interest free and have no fixed terms of repayment.

e) Transactions with directors

Key management comprises the Directors only. The details of the Directors compensation is included in note 4.

No director had, during or at the end of the year, a material interest in any contract which was significant in relation to the Company's business.

15. Commitments, contingencies and guarantees

Capital and other commitments

At 31 December 2013, the Company was not party to any gross capital and other commitments (2012: nil).

16. Events subsequent to the year end

In May 2014, Management along with joint venture partners Magellan Petroleum (UK) Limited made the decision to formally relinquished exploration licence PEDL 232. In the light of this decision the accumulated capitalised exploration costs for this permit will be written off in the next accounting period (as at 31 December 2013, \$0.5 million).

Glossary of terms

£	Pound Sterling
\$	United States Dollar
EURO	Euro
CHF	Swiss Franc
AGM	Annual General Meeting
Board	The Board of Directors of the Company
Group	The Group refers to the Celtique Energie Holdings Group
IAS	International Accounting Standard
IFRS	International Financial Reporting Standard(s)
Companies Act	The Companies Act 2006 (as amended)
The Company	Celtique Energie Weald Limited

Company information

Company Registration No. 07055133

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

G Davies
S Catterall (resigned 26 July 2013)
P Coulson
C Pullan (resigned 28 February 2013)

Secretary

P Coulson

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