Soma Oil & Gas Exploration Limited

Annual Report and Financial Statements

For the year ended 31 December 2016

Company number 08619726

SOMA OIL & GAS EXPLORATION LIMITED
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SOMA OIL & GAS EXPLORATION LIMITED
COMPANY INFORMATION

DIRECTORS:	Lord Howard of Lympne, CH, QC (Chairman) Basil Shiblaq William Richard Anderson Robert Allen Sheppard
COMPANY SECRETARY:	Peter Damouni
REGISTERED OFFICE:	21 Arlington Street St. James's London United Kingdom SW1A 1RD
REGISTERED NUMBER:	08619726 (United Kingdom)
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AUDITOR:	Deloitte LLP 2 New Street Square London United Kingdom EC4A 3BZ
ACCOUNTANTS:	Capita Asset Services 1st Floor 40 Dukes Place London EC3A 7NH

The Directors present their Strategic Report for the year ended 31 December 2016.

Soma Oil & Gas Exploration Limited (the "Company" or "Soma Exploration") along with Soma Management Limited ("Soma Management") are wholly owned subsidiaries of Soma Oil & Gas Holdings Limited ("Soma" or the "Parent Company"). Together they are referred to herein as the Group. The Company is a private company limited by shares and incorporated in England and Wales.

Developments with the Federal Republic of Somalia since last Annual Report

On 14 July 2016, the Ministry of Petroleum and Mineral Resources ("**MPMR**" or "**Ministry**") provided Soma with the new model Production Sharing Agreement ("**PSA**") for Somalia. This model PSA is based on the latest industry practices and developed for the Ministry by the IMMMA law firm based in Tanzania, funded by the Africa Development Bank.

On 25 to 28 July 2016, Soma and its legal advisor (Akin Gump) met with the Somali MPMR and their legal and technical advisors (provided by the World Bank) to negotiate an agreement for the next stage of exploration using the new model PSA. Significant progress was made during the discussions. The majority of legal terms and conditions were clarified and agreed. Commercial terms were also discussed but not finalised.

On 2 September 2016, in response to a request, Soma provided the MPMR with estimates for an Exploration Programme budget under the Initial Exploration Period of the planned PSAs and Soma's financial capacity to execute.

On 8 September 2016, in response to a request by the MPMR, Soma provided an update on the investigation by the Serious Fraud Office ("SFO").

On 1 November 2016, at the Africa Oil Week Conference in Cape Town, the MPMR updated the industry on their progress to develop the legal and regulatory framework for hydrocarbon exploration in Somalia and announced plans for an inaugural Bid Round for blocks offshore; Galmudug, Hirshabelle and South West Member states. The available acreage will exclude the shallow water blocks under the 1988 concession agreement with Shell and ExxonMobil and the Notice of Application blocks under direct PSA negotiations with Soma.

On 16 February 2017, after a successful and open election process, H.E. Mohamud Abdullahi Mohamed "Farmajo" was elected as the new president of Somalia.

On 23 February 2017, Mr Hassan Khaire resigned his position as Soma's Director for Africa, due to his appointment as the new Prime Minister of Somalia. Mr Khaire immediately severed all contact with Soma and relinquished all his shares, options and any existing and future remuneration with the Company.

On 21 March 2017, H.E. Abdirashid Mohamed Ahmed, was appointed as the new Somali Minister of Petroleum & Mineral Resources.

On 24 May 2017, Soma met with H.E. Abdirashid Mohamed Ahmed, the new Minister of Petroleum & Mineral Resources and with Ibrahim Hussein, Head of External Affairs for the Ministry of Petroleum & Mineral Resources. The Minister advised that the Petroleum Law 2008 had been substantively updated and was planned to be ratified by the Somali Parliament in the next session starting in July 2017 after which the Ministry would meet with Soma to finalise the planned PSAs.

On 25 May 2017, Soma arranged for Akin Gump to make a presentation to the Minister and his advisor on their Workshop on Key Issues for Upstream Oil & Gas. Topics included; fundamentals of the market, value chains, timelines, participants, agreement types, legal and commercial frameworks, methods to grant and exploit the right to develop, host government instruments, PSAs, bidding, joint operating agreements, decommissioning, local content with examples from Tanzania, Ghana & Uganda.

On 26 May 2017, RPS Energy (Soma's technical advisors) presented to the Minister and his advisor, an overview of the geological basins offshore Somalia and some of the potential leads and prospects from the interpretation of the 2D seismic data acquired by Soma.

Business review and future developments

Introduction

Soma is an exploration pioneer into the deep water hydrocarbon potential offshore Somalia. The Group's aim is to revive exploration in a territory where, prior to 1991, a number of International Oil Companies were granted licenses onshore and in shallow waters before declaring *Force Majeure* due to the geopolitical situation at that time. If Soma is successful, the discovery and development of hydrocarbons offshore Somalia could help provide the country with a bright and secure future.

Seismic Option Agreement

On 6 August 2013, Soma Exploration signed a Seismic Option Agreement ("**SOA**") with the Ministry of National Resources[1] of the Federal Government of Somalia ("**FGS**"). Under the terms of the SOA, Soma was required to undertake an Exploration Programme in the Federal Republic of Somalia over a two year period. Upon meeting the requirements of the SOA, Soma gained the right to apply for blocks and negotiate PSAs for further exploration covering an area of up to 60,000 sq. km.

The Exploration Programme had two phases:
- Phase 1 required Soma Exploration to complete a regional evaluation including the collating of historical seismic and other geological data.
- Phase 2 required Soma Exploration to acquire and process new 2D seismic data, across a 114,000 sq. km Evaluation Area offshore Somalia as agreed with the MPMR in December 2013.

Under the terms of the SOA, Soma was required to spend a minimum of US$15 million on the Exploration Programme and provide the Federal Government with the historical (Phase 1) and newly acquired and processed seismic data (Phase 2) by 6 August 2015 as well as providing financial support to set up a data room in the new Ministry offices in Mogadishu.

Soma successfully acquired 20,500 kilometres of 2D seismic data offshore Somalia from December 2014 to March 2015. This data was processed between January and July 2015 and on 28 July 2015 Soma advised the Ministry that the data was available for transfer. The Ministry deferred delivery until the completion of their new office with a data room in Mogadishu.

On 9 December 2015, at the official opening of the new office for the Ministry of Petroleum and Mineral Resources, Soma transferred the legacy and newly acquired 2D seismic data for the new data room. Soma also submitted a Notice of Application for twelve 5,000 square kilometre blocks as per the SOA.

As part of the SOA, Soma agreed to pay the third party legal costs incurred by the Ministry for their SOA negotiation support and contributed $100,000 to help pay for the data room building & installation in Mogadishu.

Capacity Building Agreement

In March 2014, H.E. Daud Mohamed Omar, the Minister of Petroleum & Natural Resources at that date, wrote to Soma requesting capacity building support to fund the set up and staffing of a technical department in the Ministry. This is a typical practice in the industry for emerging countries. On 25 April 2014, after consulting and implementing comprehensive Anti-Bribery and Corruption ("**ABC**") advice from our legal advisors, DLA Piper, Soma signed a Capacity Building Agreement ("**CBA**") which provided US$30,000 per month for 12 months. On 28 April 2015, Soma and the Ministry signed a 6 month extension for the CBA. In total US$540,000 was provided by Soma to the Ministry over 18 months. Under the CBA, this US$540,000 funding is cost recoverable from future training and community fees that are part of the model PSA.

[1] As of January 2014, the Ministry of National Resources was divided amongst successor ministries and the relevant ministry for oil and gas is now the Ministry of Petroleum & Mineral Resources.

The key stages in Soma's progress to date and expected future progress are summarised below.

1.	Determine if there is potential for undiscovered hydrocarbons using geological knowledge & basin modelling	April to August 2013
2.	Soma Exploration signs SOA with Federal Government	6 August 2013
3.	Complete Regional Evaluation study (Phase 1 of Exploration Programme)	August 2013 to April 2014
4.	Signed CBA with Federal Government	25 April 2014
5.	Acquire 2D seismic survey over the offshore Evaluation Area (Phase 2 of Exploration Programme)	February 2014 to June 2014
6.	Process and interpret seismic data in conjunction with basin modelling to determine the potential for the discovery of hydrocarbons (Phase 2 of Exploration Programme)	June 2014 to July 2015
7.	Signed Data Room in Mogadishu letter with Federal Government to support creation of Data Room as per SOA obligation	17 December 2014
8.	Signed Additional CBA for six month extension with Federal Government	28 April 2015
9.	Provision of processed seismic data to Federal Government [2]	28 July 2015/ 9 December 2015
10.	Notice of Completion of Exploration Programme	31 July 2015
11.	(a) Apply for and (b) negotiate/be granted PSAs by Federal Government (to shoot additional seismic and drill exploration wells to confirm presence of oil and /or gas with options to develop if discovery is commercial).	(a) 9 December 2015 (b) ongoing (see Negotiation of PSAs section below)
12.	Form Joint Ventures through "farm-ins" by other exploration and development companies to participate in the PSAs to bring together the right operating expertise and to share business risk & rewards of further exploration & development of the target fields	
13.	Drill & test exploration wells. Acquire additional seismic data. Depending on results, drill additional exploration and/or appraisal wells	
14.	If prospective fields are commercially viable, develop field development plans for approval by Joint Venture partners	
15.	The field development plans will also need to be approved by the Federal Government before implementation	
16.	Execute the field development plans, which involves building the surface & subsea infrastructure and drilling multiple wells to enable the production of oil and/ or gas over the lifetime of the fields	

Negotiation of PSAs

As stated above, the negotiation of PSAs started in July 2016 when the rewritten Model PSA was made available by the Somali Ministry. Negotiation was suspended in the autumn of 2016 as the Somali Government prepared for General Election. A new Parliament, Upper House, President, Prime Minister and Cabinet was appointed over the first Quarter of 2017. The negotiations of PSAs between the Company and the Ministry will recommence after the ratification of the new Petroleum Law which is expected to occur during the autumn session of the Somali parliament.

SFO Investigation Closure

On 14 December 2016 the Company received a letter from the SFO confirming that it closed its investigation into allegations of corruption that had been made against Soma by a third party.

SFO investigation Summary

- 29 July 2015: Soma learned about the SFO investigation which was based on a UN Somalia & Eritrea Monitoring Group (SEMG) report.
- 22 April 2016: Soma submitted a comprehensive Letter of Representation (LoR) to the SFO addressing and refuting the allegations made by the SEMG.

[2] The processed seismic data was ready and was made available for delivery on 28 July 2015 and this was been acknowledged by the Ministry of Petroleum & Mineral Resources. The actual handover of the processed seismic data took place at the opening of the Ministry Building and Dataroom in Mogadishu on 9 December 2015.

SFO Investigation Closure (continued)

- 6 May 2016: QC David Perry's opinion of LoR concluded "compelling rebuttal of any suggestion of impropriety in Soma's dealings with the Somali Government and this is a case in which there is no realistic prospect of conviction".
- 17 August 2016: Soma applied for a Judicial Review at the High Court in attempt to have the SFO finalise & close their investigation. Application rejected.
- 12 October 2016: Approved Judgement of the rejected application released by High Court with SFO statement of insufficient evidence of criminality by Soma in Capacity Building and the Lord Justice urged the SFO to expeditiously conclude their investigation.
- 14 December 2016: SFO closed the investigation of Soma in relation to allegations of corruption. Vindicating the Company and the Somali Ministry of Petroleum and Mineral Resources and our policy of full compliance with UK ABC Law.

EITI disclosure

Soma is committed to the highest standards of transparency, accountability and strong corporate governance.

In February 2015, Soma became a corporate supporter of the Extractive Industries Transparency Initiative ("**EITI**").

Soma is also actively supporting the Federal Government and Somalia in its ambitions to become an EITI compliant country.

Principal risks and uncertainties

The Group's financial and capital risk management policies are set out in note 11 within the Financial Instruments disclosure of this report. Other risks are shown below:

Exploration risk

The principal activity of the Group is the exploration for hydrocarbons. The Group runs the risk of its exploration projects failing to find hydrocarbons. The Group manages this risk through extensive and detailed geologic and geophysical surveys prior to any significant exploration activity actually taking place.

Regulatory risk

The Group has experienced and may continue to experience a high level of regulatory risk given its involvement in the Federal Republic of Somalia.

The SFO investigation was terminated confirming Soma's policy of full adherence to ABC Law in all our business dealings with Somalia.

Unlike prior years the Somali & Eritrean Monitoring Group (SEMG) 2016 report no longer recommends to the UN Security Council that they put in place a moratorium on all oil and gas exploration activities in the Federal Republic of Somalia. The UN Security Council continues to support Somalia's sovereign rights over its natural resources.

Oil and gas price risk

The potential for oil and gas prices to fluctuate over any given period could put the commerciality of certain partnerships and related corporate transactions at risk. The continued lower for longer oil price could negatively impact the ability to raise funding from some financial instruments/markets.

Principal risks and uncertainties (continued)

Foreign exchange risk

Any future proceeds from the Group's oil and natural gas sales are expected to be in US Dollars. Whilst the majority of the expenditure is also in US Dollars, the Group has general and administrative expenses with respect to its office in London and its offices in Mogadishu and Nairobi in other currencies. Hence the Group is exposed to foreign exchange risk against UK Pound Sterling, Somali Shilling and Kenyan Shilling, which may have positive or negative consequences for the Group's overall profitability.

During the year, the Group did not enter into any financial instruments to hedge this potential foreign exchange risk.

Tax risk

The Group is subject to sales, employment and corporation taxes and the payment of certain royalties in local jurisdictions in which it operates. The application of such taxes may change over time due to changes in laws, regulations or interpretations by the relevant tax authorities. Whilst no material changes are anticipated in such taxes, any such changes may have a material adverse effect on the Group's financial condition and results of operations.

Political risk

The Federal Government of Somalia faces numerous challenges to its authority including militancy, ethnic and clan rivalries, separation and limited financial resources.

A key condition precedent for the signing of any PSAs is the establishment of a revenue sharing agreement between the Federal Government and the Federal Member States.

The value of the Group may be negatively affected by political uncertainties such as changes in Somali government policies, taxation and currency repatriation restriction, as well as changes in law and economic impact of regional and international political events.

The Group monitors government policies to minimize their effects on the value of the Group.

The recent Federal elections for the Members of Parliament and for the President of the Federal Government of Somalia has caused delay in the negotiation and conversion of the 12 blocks into agreed PSAs. With a fragile country like Somalia, there is the risk of sovereign intervention to cancel agreements made by the prior Government.

Financing and Liquidity risk

This is the risk that the Group will not be able to raise working capital for its ongoing activities. The Group's goal is to finance its exploration and development activities from future cash flows but until that point is reached the Group is reliant on raising working capital from private investment. There is no certainty such funds will be available when needed and this is further discussed in the Going Concern section of the Directors Report.

Key performance indicators

The main key performance indicators include meeting articulated milestones as set out by the Board of Directors.

The next milestones are signing the PSAs, progressing the exploration programme and securing farm-in partners / new investors. The negotiation of the PSAs was initially delayed by 6 months due to a rewrite of the model PSA, followed by a further 6 months due to a general election and an ongoing delay of several months due to the rewrite of the Petroleum Law and its ratification by the Somali parliament.

The key performance indicators are monitored by the Board of Directors to ensure that they are progressing as planned in a timely manner. At this stage the Board of Directors is confident that these targets are being met with the slow progress outside of the Company's control.

ON BEHALF OF THE BOARD:

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William Richard Anderson
Chief Executive Officer
27 September 2017

The Directors present their report together with the audited financial statements of Soma Exploration for the year ended 31 December 2016.

Soma Exploration was incorporated in England and Wales on 22 July 2013.

PRINCIPAL ACTIVITIES

The principal activity of Soma Exploration is exploration for oil and gas in the Federal Republic of Somalia.

GOING CONCERN

Soma Exploration Limited does not generate revenue, and as such is reliant on funding from other Group companies. It has been deemed by Management that sufficient funding is available from the Group to ensure all operational expenditure commitments of Soma Exploration Limited will be met in the next calendar year.

As disclosed in the Group financial statements of Soma Oil & Gas Holdings Limited, the Group is currently in the exploration phase and not generating revenue and is as such reliant on external financing.

The Group's capital management policy is to preserve the Group's existing reserves through reducing near term exploration and development activities, this will continue whilst the licence negotiation process with the Somali government completes.

As at the 31 August 2017 the Group had a cash balance of US$823,435 and is in a net current liability position.

In December 2015, the Group successfully obtained further funding through a US$15 million draw down facility from existing shareholders. The Group is dependent on this facility set up by existing shareholders, which is primarily funded by a major shareholder and the controlling party of the group, Winter Sky Investments Limited ("Winter Sky"). At the 31 August 2017 the total drawdown on this facility was US$6,990,935. The facility is available until the 31 December 2017 at which point the amount drawn down may be converted into shares in the Parent Company or repayment may be demanded at the option of Winter Sky.

Based on management's forecasts, the remaining undrawn balance on the facility together with the Group's cash will be sufficient to meet operational costs over the going concern assessment period, albeit with minimal headroom remaining.

However, the Group would be unable to repay the facility on 31 December 2017 when due if not converted or extended, without an alternative source of finance. Whilst the Group's assessment is that the loan is likely to be converted by Winter Sky, and thus repayment will not be required, Winter Sky is under no obligation to convert.
As the Company is reliant on funding from its Parent Company, the Group's dependence on the facility gives rise to a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern and therefore it may be unable to realise the full value of its assets and discharge its liabilities in the normal course of business.

However, having considered the above uncertainty and all the available information, the Directors have a reasonable expectation that although the Group does not have adequate resources to continue in operational existence for the foreseeable future, existing shareholders will continue to support the business for the next 12 months as a minimum and as such, the Directors consider it appropriate to prepare the Company financial statements on a going concern basis.

The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

EVENTS AFTER THE BALANCE SHEET DATE

Details of significant events since the balance sheet date are contained in note 17 to the financial statements.

RESULTS AND DIVIDENDS

The Company's loss for the year was US$42,000 (2015: profit for the year of US$87,000). The Directors do not recommend payment of a dividend.

BALANCE SHEET

At 31 December 2016 the Company had a cash balance of US$369,000 (2015: US$853,000) and total assets of US$43,459,000 (2015: US$43,215,000).

FINANCIAL RISK MANAGEMENT

The risks and the Company's process for management thereof are set out in Note 11 of the Financial Statements.

DIRECTORS

The Directors who held office during the year were as follows:

Lord Howard of Lympne, CH, QC (Chairman)	
Basil Shiblaq	
William Richard Anderson	
Robert Allen Sheppard	
Philip Edward Charles Wolfe	(Resigned 17 March 2017)
Hassan Khaire	(Resigned 23 February 2017)

DIRECTORS' REMUNERATION

The total paid to Directors of the Company during the year was US$374,000 (2015: US$417,000). This included the highest paid Director who was paid US$374,000 (2015: US$417,000). The remuneration for the remainder of the Directors is borne by Soma Management, a company under common control.

DIRECTORS' INDEMNITIES

The Company has granted an indemnity to each of its Directors under which the Company will, to the fullest extent permitted by law and to the extent provided by the Articles of Association, indemnify them against all costs, charges, losses and liabilities incurred by them in the execution of their duties. The Company also has Directors' and Officers' liability insurance in place and details of the policy are given to new Directors on appointment.

DISCLOSURE OF INFORMATION TO THE AUDITOR

Each of the persons who is a Director at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

The Director's report has been prepared in accordance with the provisions applicable to the companies entitled to the small companies' exemption.

ON BEHALF OF THE BOARD:

....

William Richard Anderson
Chief Executive Officer
27 September 2017

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 the Company's financial statements for each financial year. Under that law they have elected to prepare the Company's financial statements in accordance with International Financial Reporting Standards as adopted by the EU and applicable law.

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 year. In preparing each of the Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect 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 (www.somaoilandgas.com).

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOMA OIL AND GAS EXPLORATION LIMTIED

For the year ended 31 December 2016

We have audited the financial statements of Soma Oil & Gas Exploration Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, 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 International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter: going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Company's ability to continue as a going concern. The Company is reliant on the funding from its Parent Company, Soma Oil & Gas Holdings Limited.

The Parent Company is reliant on funding in place under the US$15 million convertible loan facility from its existing shareholders in order to meet its obligations as they fall due over the 12 month period from the signing of the financial statements. The loan is due on 31 December 2017 and is repayable at the noteholders' demand if not converted.

As the Company is reliant on funding from its Parent Company, this therefore indicates the existence of a material uncertainty which may cast doubt on the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the 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 Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Bevan Whitehead (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
28 September 2017

SOMA OIL & GAS EXPLORATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2016

	Notes	For the year ended 31 December 2016 US$'000	For the year ended 31 December 2015 US$'000
Other operating income		215	382
Administrative expenses	4	(251)	(287)
Operating (loss)/profit		**(36)**	**95**
Interest income		2	-
(Loss)/profit before tax		**(34)**	**95**
Taxation	6	(8)	(8)
Total comprehensive (loss)/profit for the year		**(42)**	**87**

All of the above results are derived from continuing operations.

There was no other comprehensive income in the year.

The accompanying notes on pages 17 to 28 form an integral part of the financial statements.

SOMA OIL & GAS EXPLORATION LIMITED
STATEMENT OF FINANCIAL POSITION
For the year ended 31 December 2016

	Notes	At 31 December 2016 US$'000	At 31 December 2015 US$'000
Assets			
Non-current assets			
Intangibles: exploration and evaluation assets	7	42,983	42,232
Property, plant and equipment	8	15	104
		42,998	**42,336**
Current assets			
Prepayments and other receivables	9	92	26
Cash in bank and on hand		369	853
		461	**879**
Liabilities			
Current liabilities			
Trade and other payables	10	(43,513)	(43,219)
Current tax liability		-	(8)
		(43,513)	**(43,227)**
Net current liabilities		(43,052)	(42,348)
Net liabilities		**(54)**	**(12)**
Equity			
Share capital	13	-	-
Retained losses		(54)	(12)
Total equity		**(54)**	**(12)**

The accompanying notes on pages 17 to 28 form an integral part of the financial statements.

The financial statements of Soma Oil & Gas Exploration Limited, company registration number 08619726 were approved by the Board of Directors and authorised for issue on 27 September 2017. They were signed on its behalf by:

William Richard Anderson
Chief Executive Officer

SOMA OIL & GAS EXPLORATION LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2016

	Share capital US$'000	Retained losses US$'000	Total equity US$'000
Balance at 1 January 2015	-	**(99)**	**(99)**
Profit for the year	-	87	87
Total comprehensive profit for the year	-	87	87
Balance at 31 December 2015	-	**(12)**	**(12)**
Balance at 1 January 2016	-	**(12)**	**(12)**
Loss for the year	-	(42)	(42)
Total comprehensive loss for the year	-	(42)	(42)
Balance at 31 December 2016	-	**(54)**	**(54)**

The accompanying notes on pages 17 to 28 form an integral part of the financial statements.

SOMA OIL & GAS EXPLORATION LIMITED
STATEMENT OF CASH FLOWS
For the year ended 31 December 2016

	Note	For the year ended 31 December 2016 US$'000	For the year ended 31 December 2015 US$'000
Net cash (absorbed by) / generated from operating activities	14	**(489)**	**290**
Cash flow from investing activities			
Additions of exploration and evaluation assets	7	(751)	(2,199)
Additions of fixed assets	8	-	(5)
Interest received		2	-
Net cash used in investing activities		**(749)**	**(2,204)**
Cash flow from financing activities			
Increase in amounts owed to companies under common control		754	1,161
Net cash generated from financing activities		**754**	**1,161**
Net decrease in cash and cash equivalents		(484)	(753)
Cash and cash equivalents at beginning of the year		853	1,606
Cash and cash equivalents at end of year		**369**	**853**

The accompanying notes on pages 17 to 28 form an integral part of the financial statements.

1 Accounting policies

Soma Exploration is a Company limited by shares and was incorporated in England and Wales on 22 July 2013. The Company is domiciled in the UK.

The Company's financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") and under the historical cost convention.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these financial statements.

Going concern

Neither Soma Exploration Limited nor the Group generates revenue, and as such the Company is reliant on funding from its Parent Company, which in turn is reliant on funding from the Group's shareholders. This gives rise to a material uncertainty which may cast doubt over the Company's ability to continue as a going concern, as discussed in further detail in the Directors' report on page 8.

New standards, amendments and interpretations issued and effective during the financial year beginning 1 January 2016

The following relevant new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2016, but had no significant impact on the Company:

Standard	**Key requirements**	**Effective date as adopted by the EU**
Amendment to IFRS 11, 'Accounting for Acquisitions of Interests in Joint Operations'	Amends IFRS 11 Joint Arrangements to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to: • apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11 • disclose the information required by IFRS 3 and other IFRSs for business combinations. The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured).	1 January 2016
Amendments to IAS 16 and IAS 38	Clarifies acceptable methods of depreciation and amortisation.	1 January 2016
Amendments to IAS 27	Amends IAS 27 Separate Financial Statements to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.	1 January 2016
Amendments to IAS 1	Disclosure amendments	1 January 2016

1 Accounting policies (continued)

Standards issued but not yet effective –

The following relevant new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning on 1 January 2016, as adopted by the European Union, and have not been early adopted:

Standard	**Key requirements**	**Effective date as adopted by the EU**
IFRS 9	Financial Instruments – Replacement to IAS 39 and is built on a single classification and measurement approach for financial assets which reflects both the business model in which they are operated and their cash flow characteristics.	1 January 2018
IFRS 15	Revenue from contracts with customers – Introduces requirements for companies to recognise revenue for the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. Also results in enhanced disclosure about revenue.	1 January 2018
IFRS 16	Leases – Introduces a single lessee accounting model and eliminates the previous distinction between an operating and a finance lease.	1 January 2019

The Directors anticipate that the adoption of these Standards and Interpretations in future years will have no material impact on the financial statements of the Company when the relevant Standards and Interpretations come into effect.

Operating lease payments

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Foreign currency

Functional and presentation currency

The Company's functional and presentation currency is US Dollar, being the currency of the majority of its transactions.

Foreign Currencies

Transactions in foreign currencies are translated to the Company's functional currency at the month average foreign exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Oil and gas properties

Exploration and evaluation assets

The Company follows the successful efforts method of accounting for intangible exploration and evaluation (E&E) costs. All licence acquisition, exploration and evaluation costs are initially capitalised as intangible assets in cost centres by field or exploration area, as appropriate, pending determination of commerciality of the relevant property. Directly attributable administration costs are capitalised in so far as they relate to specific exploration activities. Pre-licence costs and general exploration costs not specific to any particular licence or prospect are expensed as incurred.

If prospects are deemed to be impaired ('unsuccessful') on completion of the evaluation, the associated costs are charged to the income statement. If the field is determined to be commercially viable, the attributable costs are transferred to property, plant and equipment in single field cost centres.

1 Accounting policies (continued)

Development and production assets

Development and production assets are accumulated generally on a field-by-field basis within property, plant and equipment and represent the cost of developing the commercial reserves discovered and bringing them into production, together with the exploration and evaluation expenditures incurred in finding commercial reserves transferred from intangible exploration and evaluation assets as outlined above.

The cost of development and production assets also includes the cost of acquisitions and purchases of such assets, directly attributable overheads, and the cost of recognising provisions for future restoration and decommissioning.

Depletion, amortisation and impairment – development and production assets

Expenditure carried within each field will be amortised from the commencement of production on a unit of production basis, which is the ratio of oil or gas production in the year to the estimated quantities of commercial reserves at the end of the year plus the production in the year, generally on a field-by-field basis. Costs used in the unit of production calculation comprise the net book value of capitalised costs plus the estimated future field development costs. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively.

Commercial reserves

Commercial reserves (2P) are proven and probable natural gas reserves, which are defined as the estimated quantities of natural gas which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible. There should be a 50 per cent statistical probability that the actual quantity of recoverable reserves will be more than the amount estimated as proven and probable reserves and a 50 per cent statistical probability that it will be less.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is charged so as to write-off the costs of assets less their residual value over their estimated useful lives, using the straight-line method commencing in the month following the purchase, on the following basis:

Computer equipment	3 years
Fixtures and fittings	3 to 5 years
Motor vehicles	3 years

Oil and gas properties – see above

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Impairment of property, plant and equipment

At each balance sheet date, the Company reviews the carrying amount of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. For the purposes of impairment the Company's estimates the recoverable amount of the cash-generating unit to which assets belong.

Where there has been a change in economic conditions that indicates a possible impairment in a discovery field, the recoverability of the net book value relating to that field is assessed by comparison with the estimated discounted future cash flows based on management's expectations of future oil and gas prices and future costs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the income statement, net of any depreciation that would have been charged since the impairment.

1 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and highly liquid interest-bearing securities with maturities of three months or less.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Current deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Financial Instruments

Financial assets and financial liabilities are recognised on the balance sheet when the Company has become a party to the contractual priorities of the instrument.

Trade and other receivables

Trade and other receivables are measured at their initial recognition at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. Trade receivables are disclosed within these financial statements as loans and receivables.

Trade and other payables

Trade payables are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest rate method. Trade payables are disclosed within these financial statements as other financial liabilities.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

2 Critical judgements and key sources of estimation uncertainty

Critical judgements

2.1 Exploration and Evaluation assets

The Company balance sheet includes significant E&E assets (see Note 7). Management is required to exercise judgement in selecting an appropriate accounting policy for the capitalisation, or otherwise, of costs incurred in connection with the acquisition of E&E rights and costs of E&E activities to exploit those rights. The Group's accounting policy is set out in Note 1. Judgement is required in assessing whether E&E rights are sufficient to support the commencement of cost capitalisation. The SOA entitles the Group to apply and negotiate for PSAs over an area of up to 60,000 sq. km and therefore the Group consider its E&E rights under the SOA are sufficient to support asset recognition.

Further judgement is involved in applying the Company's accounting policy to certain categories of costs, such as the Capacity Building Payments and Data Room costs as further described in the Strategic Report. Management capitalises such costs as they are considered directly attributable to the conversion of the Company's current E&E rights under the SOA into future exploration and production rights under a number of PSAs.

2 Critical judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

2.2 Exploration and Evaluation asset recoverability

E&E assets are required to be assessed for indications of impairment at least at each balance sheet date, with reference to the indicators of impairment set out in IFRS 6 Exploration and Evaluation of Mineral Resources. Such assessment often requires significant judgement, such as whether substantive further E&E activity is planned, and whether rights to explore in the specific area will expire in the near future. Having considered these uncertainties in the light of all of the information currently available, in management's judgement the Company's E&E assets were not impaired at 31 December 2016.

3 Other operating income

	Year ended 31 December 2016 US$'000	Year ended 31 December 2015 US$'000
Kenyan branch recharge	215	382

The Company has a service agreement in place with Soma Management Limited, a company under common control. All costs incurred by the Companies Kenyan Branch are recharged to Soma Management Limited with a 10% uplift resulting in other operating income in the year of US$215,000 (2015: US$382,000) which is on costs incurred in both 2015 and 2016.

4 Administrative expenses and Auditor's remuneration

Included in operating (loss)/profit are the following:

	Year ended 31 December 2016 US$'000	Year ended 31 December 2015 US$'000
Travel and subsistence	50	78
Depreciation	23	65
Staff salaries	45	49
Rent and rates	32	35
Auditor's remuneration	28	28
Kenyan tax charges	29	-
Other administrative expenses	44	32
	251	**287**

Auditor's remuneration details:

	Year ended 31 December 2016 US$'000	Year ended 31 December 2015 US$'000
Audit fees:		
Auditor's remuneration for the statutory audit of the Company	20	20
	20	**20**
Non-audit fees:		
Tax services	8	8
	8	**8**

The Audit Committee has a policy on the use of Auditors in a non-audit capacity which is aimed at ensuring their continued independence. The use of the external Auditor for services relating to accounting systems or financial statements is not permitted, as are various other services that could give rise to conflicts of interests or other threats to the Auditor's objectivity that cannot be reduced to an acceptable level by applying safeguards.

5 Staff numbers and costs

The average number of persons employed by the Company during the year was as follows:

	Year ended 31 December 2016 No.	Year ended 31 December 2015 No.
Average number of persons employed	2	2
	2	2

Staff costs comprised:

	Year ended 31 December 2016 US$'000	Year ended 31 December 2015 US$'000
Wages and salaries	34	34
Social security costs	11	15
	45	49

The Directors' remuneration comprised:

	Year ended 31 December 2016 US$'000	Year ended 31 December 2015 US$'000
Directors' wages and salaries	374	417
	374	417

A total of US$374,000 (2015: US$417,000) in relation to Directors remuneration has been capitalised as part of Exploration and Evaluation assets (Note 7).

The total paid to Directors of the Company during the year was US$374,000 (2015: US$417,000). This included the highest paid Director who was paid US$374,000 (2015: US$417,000). The remuneration for the remainder of the Directors is borne by Soma Management, a company under common control. No specific proportion of their remuneration is attributable to their services to the Company.

6 Taxation

UK corporation tax is calculated at 20% (2015: 20.25%) of the estimated taxable profit / (loss) for the year. Kenyan income tax is calculated at 37.5%, all costs incurred by the Kenyan Branch of the Company are recharged to the Soma Management Limited with a 10% uplift resulting in an income tax charge in the year.

6 Taxation (continued)

	Year ended 31 December 2016 US$'000	Year ended 31 December 2015 US$'000
(Loss)/profit before tax	(34)	95
Income tax using the UK domestic corporation tax rate of 20% (2015: 20.25%)	(40)	(19)
Kenyan Branch income tax	8	8
Unutilised tax losses	40	19
Current tax charge	8	8

UK tax losses may be carried forward indefinitely and set off against future taxable profits. Deferred tax assets have not been recognised in respect of these items because it is not yet probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

7 Intangible assets

	Exploration and evaluation assets US$'000
Cost:	
At 1 January 2015	**40,033**
Additions in the year	2,199
At 31 December 2015	**42,232**
Additions in the year	751
At 31 December 2016	**42,983**
Amortisation and impairment:	
At 1 January 2015	-
Amortisation charge for the year	-
At 31 December 2015	-
Amortisation charge for the year	-
At 31 December 2016	-
Net book value:	
At 31 December 2015	**42,232**
At 31 December 2016	**42,983**

8 Property, plant and equipment

	Motor vehicles US$'000	Fixtures and fittings US$'000	Computer equipment US$'000	Total US$'000
Cost:				
At 1 January 2015	**126**	**59**	**6**	**191**
Additions in the year	-	5	-	5
At 31 December 2015	**126**	**64**	**6**	**196**
Disposals in the year	(126)	-	-	(126)
At 31 December 2016	**-**	**64**	**6**	**70**
Depreciation:				
At 1 January 2015	**18**	**8**	**1**	**27**
Charge for the year	42	21	2	65
At 31 December 2015	**60**	**29**	**3**	**92**
Charge for the year	-	21	2	23
Disposal in the year	(60)	-	-	(60)
At 31 December 2016	**-**	**50**	**5**	**55**
Net Book Value:				
At 31 December 2015	**66**	**35**	**3**	**104**
At 31 December 2016	**-**	**14**	**1**	**15**

9 Prepayments and other receivables

	At 31 December 2016 US$'000	At 31 December 2015 US$'000
Due within a year:		
Prepayments	3	3
VAT recoverable	2	4
Other receivables	87	19
	92	**26**

There were no trade receivables held by the Company at 31 December 2016, therefore there is no average credit year taken on the sale of goods.

There are no balances within either prepayments made or other receivables that are past their due settlement date and no impairment has been deemed necessary during the year. The fair value of the receivables is equal to their carrying value.

10 Trade and other payables

	At 31 December 2016 US$'000	At 31 December 2015 US$'000
Due within a year:		
Amounts due to companies under common control (note 15)	43,436	42,682
Trade payables	11	383
Accruals	66	151
Other payables	-	3
	43,513	43,219

The fair value of the payables is equal to their carrying value.

11 Financial instruments

The Company is exposed to the risks that arise from its use of financial instruments. This note describes the objectives, policies and processes of the Company for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as stated below.

The Company held the following financial assets:

	At 31 December 2016 US$'000	At 31 December 2015 US$'000
Financial assets		
Cash in bank and on hand	369	853
Other receivables	87	19
	456	872

The Company had the following financial liabilities:

	At 31 December 2016 US$'000	At 31 December 2015 US$'000
Financial liabilities		
Amounts due to companies under common control	43,436	42,682
Trade payables	11	383
Accruals	66	151
Other payables	-	3
	43,513	43,219

All of the Company's financial assets and liabilities in the year to 31 December 2016 are either payable or receivable within one year.

Capital risk

The Company has no externally imposed capital requirements, as it is wholly funded by the Group.

11 Financial instruments (continued)

Foreign currency risk

As highlighted earlier in these financial statements, the functional currency of the Company is US Dollar. All of the Company's future sales will be denominated in US Dollar as are the majority of its future expected costs, with a small number of costs being denominated in GB Pounds Sterling, Somalia Shillings and Kenya Shillings. Exposures to exchange rate fluctuations are therefore minimal.

The Company has not entered into any derivative financial instruments to manage its exposure to foreign currency risk.

The Company does not believe that it has any significant exposure to foreign currency risk; therefore no sensitivity analysis has been performed.

The carrying amount of the Company's foreign currency denominated monetary assets and monetary liabilities at 31 December 2016 is as follows:

2016	**Assets US$'000**	**Liabilities US$'000**
US Dollars	438	43,483
GBP Sterling	-	20
Kenya Shilling	18	1

2015	**Assets US$'000**	**Liabilities US$'000**
US Dollars	845	43,114
GBP Sterling	-	94
Kenya Shilling	27	10

Interest rate risk

The Company does not have any borrowings or cash deposits and therefore has no significant exposure to interest rate risk.

Credit risk

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Company. The Company gives careful consideration to which organisations it uses for its banking services in order to minimise credit risk.

At 31 December 2016, the Company held no collateral as security against any financial asset. No financial assets were past their due date and there were no problems with the credit quality of any financial asset in the year.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk. There has been no impairment of financial assets during the year.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Management monitors rolling forecasts of the Company's liquidity and cash and cash equivalents on the basis of expected cash flow and seeks to secure the necessary estimated funding before committing to expenditures. See also note 1 'Going concern'.

12 Operating lease commitments

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	31 December 2016 US$'000	31 December 2015 US$'000
Within one year	21	21
Within 2 -5 years	64	85

13 Share capital

	At 31 December 2016 US$'000	At 31 December 2015 US$'000
Number of shares		
On issue at 31 December	1,000	1,000
Allotted, called up and fully paid		
1,000 ordinary shares of £0.00001 each	-	-

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

14 Cash flows utilised in operating activities

	Note	For the year ended 31 December 2016 US$'000	For the year ended 31 December 2015 US$'000
Cash flow from operating activities			
Operating (loss)/profit		(36)	95
Adjustments for:			
Tax charge in the year		(8)	(8)
Depreciation of property, plant and equipment	8	23	65
Decrease in trade and other receivables		-	14
(Decrease) / Increase in trade and other payables		(468)	124
Net cash (absorbed by) / generated from operating activities		**(489)**	**290**

15 Related parties

Amounts owed to companies under common control

	At 31 December 2016 US$'000	At 31 December 2015 US$'000
Amounts owed to Soma Management Limited	-	39,756
Amounts owed to Soma Oil & Gas Holdings Limited	43,436	2,926
	43,436	**42,682**

The total paid to key management personnel during the year was US$374,000 (2015: US$417,000). See note 5 for further detail.

16 Ultimate parent undertaking

The Company's immediate parent company is Soma Oil & Gas Holdings Limited, a Company incorporated in the UK. Consolidated accounts for this entity are available at 33 Cavendish Square, London, United Kingdom, W1G 0PW

At 31 December 2015, there was no single controlling party. During 2016 AfroEast Energy Limited transferred it's shareholding of 23,999,999 to Winter Sky Investments Limited (which is incorporated in the British Virgin Islands). At 31 December 2016 Winter Sky Investments Limited owned 91,499,999 of the issued Ordinary shares representing 50.4% (2015: 37.2%) giving the entity ultimate control of the Group.

17 Subsequent events

Resignation of a Director

On 23 February 2017, Hassan Khaire a Director of the company resigned and was simultaneously elected to be the Prime Minister of Somalia. To ensure there were no conflicts of interest or existing ties with the Group, he agreed to relinquish his entire shareholding, all his share options and other instruments that he had accumulated whilst working for the Group. Hassan received a salary up until the date of his resignation from Group but accrued no further benefits after resignation.