Oyster Petroleum Holding Limited

Annual Report and Financial Statements

Registered number 8649342

31 December 2013

Contents

Strategic Report

Principal activities and review of the business
The principal activities of the Company and subsidiary (the Group) are oil and gas exploration and production in the UK.

Strategy
The Group aims to find new oil & gas reserves in the UK through the drill bit by building a balanced prospect inventory to provide a steady flow of drill ready prospects. The Group aims to be exploration operator on a significant proportion of its licences.

The Group is fully funded by HitecVision of Stavanger, Norway, a leading international energy investor with a successful history of growing North Sea oil and gas companies and has committed funds of USD 150 million to Oyster from its HitecVision VI L.P. fund. The Group plans to acquire a UK production base to underpin exploration activities.

Review of the business
Although the Group was only formed in July 2013, a number of licences were acquired in the period, and the Handcross well commenced drilling.

3 West of Shetland licences were acquired from Ithaca on 29 September 2013 consisting of a 9% interest in UK licences P.1631 and P.1832 covering blocks 204/14c, 204/18b and 204/19c containing the Handcross prospect and a 33% interest in the West of Shetlands licence P.2018 covering blocks 214/24b, 214/29a and 214/30c containing the Ainslie prospect. On 20 December a further 6% interest was acquired in the Handcross prospect.

The Handcross well was completed in February 2014 to a total measured depth of 10,120 feet into the Tertiary, Vaila Formation. No hydrocarbons were encountered in the target T36 or T35 AA sands. The well was plugged and abandoned.

The Group commenced work on identifying new licences in anticipation of making several applications in the UK 28th licencing round and continued evaluation of farm in opportunities and potential production targets.

By year end, the Group had completed the establishment of the board of directors and also the identification of the senior management team, with all positions filled by January 2014. The Group is technically focussed and as such is building a strong G&G and engineering team with a number of positions identified or filled by year end to lay the foundations of building a team of up to 20 during 2014. New premises were leased and refitted during the period in Dorking.

Key performance indicators
During this short first period of operations, the focus has been on establishing the business with the following key performance indicators:

- Gain early access to acreage and a drilling opportunity.
- Establish the team and office.

With the commencement of drilling on Handcross and the establishment of the management team, these early KPI's have been fulfilled. In subsequent periods, the following are seen as the key performance indicators:

- Drilling wells.
- Acquire production / cash generated from production assets.
- Safe operations as measured by Lost Time Injury Frequency and environmental incidents

Risks and uncertainties
The principal risks and uncertainties of the Group relate to the following:

- Exploration access and success. A team of proven experts with the skills to identify and drill prospects has been established. Exploration is inherently a risk business, but the Group seeks to spread risk by drilling multiple wells and to manage the exposure to each well by way of percentage interest held and financial arrangements such as farm outs.

- The Group is seeking to acquiring production and will therefore be exposed to certain risks common to the industry:
- Commodity prices and fiscal regime. Commodity prices are volatile. The Group will seek to provide some downside protection by way of hedging. There has been a history of changing fiscal regimes for UK oil & gas with tax rates going up but also allowances being introduced which has provided an uncertain background.
- Operational risk, such as reservoir performance, timing of work programmes and cost over-runs.
- Health, safety and environmental risks, such as a major incident or accident can result in significant costs or reputation damage. There is a comprehensive HSE system in place and insurance will be acquired as appropriate to operations to cover industry risks up to recognised limits, but there would be exposure above these limits.
- Credit risk takes the form of losses if counterparties failed to or are unable to meet their payment obligations.
- Foreign exchange risk arises from the Group reporting in USD and having significant expenditures in other currencies, notably GBP.
- Liquidity risk. The Group makes regular cash forecasts to ensure sufficient financial headroom.

By order of the board

Robert Arnott
Chairman and director
8 July 2014

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRS 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 for that period. In preparing the financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS 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 the 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 fraud and other irregularities.

Directors' Report

The directors present their annual report and the audited financial statements of Oyster Petroleum Holding Limited (the Company) and its subsidiary, Oyster Petroleum Limited (the Group) for the period ended 31 December 2013. Oyster Petroleum Limited (OPL) was incorporated on the 22 of July 2013 and Oyster Petroleum Holding Limited (OPHL) was incorporated on 13 August 2013. There were no transactions in OPL prior to the incorporation of OPHL.

Results and dividends
The loss for the year, before taxation, amounted to USD3.25 million million. The directors do not recommend the declaration of a dividend.

Going concern
The Group has substantial funds allocated to it from the HitecVision VI L.P. fund which will adequately meet planned expenditures. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

Directors
The directors who served during the period and subsequently were as follows:

Mr Robert John Arnott	appointed 28 August 2013
Mr Richard Kevin Morgan	appointed 13 August 2013
Mr Nigel Howard Platt	appointed 13 August 2013 and resigned 28 August 2013
Mr David John Went	appointed 13 August 2013 and resigned 28 August 2013
Mr Harald Vabo	appointed 28 August 2013 and resigned 30 April 2014
Mr Gunnar Halvorsen	appointed 18 November 2013
Mr Michael Whyatt	appointed 9 December 2013
Mr Pål Reiulf Olsen	appointed 23 April 2014

Political and charitable contributions
The Group did not make any political or charitable donations or incur any political expenditure during the period.

Post Balance Sheet Event
On the 12 February 2014 the Group announced the completion of the exploration well on the Handcross prospect (204/18b-2A). No hydrocarbons were encountered and therefore the total well cost of $11.5 million ($3.7million of which was incurred in 2014) was expensed in 2014.

Audit Information
Each of the directors in office at the end of the year confirms that:

1. So far as the directors are aware, there is no relevant information of which the Group's auditor is unaware; and
2. The directors have taken all steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Auditors
During in the period, KPMG LLP were appointed to fill the audit vacancy. Pursuant to section 487 of the Companies Act 2006, the auditors will be reappointed and KPMG LLP will therefore continue in office.

By order of the board

Richard Morgan
Director and Chief Executive Officer
8 July 2014

Independent auditor's report to the members of Oyster Petroleum Holding Limited

We have audited the financial statements of Oyster Petroleum Holding Limited for the period ended 31 December 2013 set out on pages 6 to 21. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2013 and of the group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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 period for which the financial statements are prepared is consistent with the financial statements.

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

Adrian Wilcox (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
8 Salisbury Square
London
EC4Y 8BB 8 July 2014

Consolidated Statement of Profit and Loss and Other Comprehensive Income

From incorporation to 31 December 2013

	Notes	22 July 2013 to 31 December 2013 $'000
Exploration and evaluation expenses		(1,847)
Other operating expenses		(1,405)
Operating loss	3,4	(3,252)
Loss before tax		**(3,252)**
Taxation	5	-
Loss for the period		**(3,252)**
Other comprehensive income		-
Total comprehensive loss for the period		**(3,252)**

All activities relate to continuing operations

The notes on pages 12 to 21 form an integral portion of these financial statements

Consolidated Balance Sheet
At 31 December 2013

	Notes	2013
		$'000
Non-current assets		
Intangible assets	6	7,802
Property, plant and equipment	7	617
		8,419
Current assets		
Trade and other receivables	9	416
Cash and cash equivalents	10	2,700
		3,116
Total assets		**11,535**
Current liabilities		
Trade and other payables	11	(1,222)
		(1,222)
Net assets		**10,313**
Equity		
Share capital	12	21
Share premium	12	13,544
Retained earnings		(3,252)
Total equity		**10,313**

The notes on pages 12 to 21 form an integral portion of these financial statements

These financial statements were approved by the board of directors on 8th July 2014 and were signed on its behalf by:

Richard Morgan
Chief Executive Officer

Company registered number: 8649342

Company Balance Sheet
At 31 December 2013

	Notes	2013
		$'000
Non-current assets		
Investments	8	8,000
		8,000
Current assets		
Trade and other receivables	9	2,639
Cash and cash equivalents	10	2,233
		4,872
Total assets		**12,872**
Current liabilities		
Trade and other payables	11	(80)
Total liabilities		**(80)**
Net assets		**12,792**
Equity		
Share capital	12	21
Share premium	12	13,544
Retained earnings	12	(773)
Total equity		**12,792**

The notes on pages 12 to 21 form an integral portion of these financial statements

These financial statements were approved by the board of directors on 8th July 2014 and were signed on its behalf by:

Richard Morgan

Chief Executive Officer

Company registered number: 8649342

Group Statement of Changes in Equity

	Share capital $'000	Share premium $'000	Retained earnings $'000	Total equity $'000
Balance on incorporation	-	-	-	-
Loss for the period	-	-	(3,252)	(3,252)
Other comprehensive loss	-	-	-	-
Total comprehensive loss for the period			(3,252)	(3,252)
Issue of shares	21	13,544	-	13,565
Balance at 31 December 2013	**21**	**13,544**	**(3,252)**	**10,313**

Company Statement of Changes in Equity

	Share capital $'000	Share premium $'000	Retained earnings $'000	Total equity $'000
Balance on incorporation	-	-	-	-
Loss for the period	-	-	(773)	(773)
Other comprehensive loss	-	-	-	-
Total comprehensive loss for the period			(773)	(773)
Issue of shares	21	13,544	-	13,565
Balance at 31 December 2013	**21**	**13,544**	**(773)**	**12,792**

Consolidated Cash Flow Statement
for period ended 31December 2013

	Notes	2013
		$'000
Cash flows from operating activities		
Loss for the period		**(3,252)**
Adjustments for:		
Depreciation, amortisation and impairment		25
Foreign exchange losses		(10)
		(3,237)
(Increase)/decrease in trade and other receivables	9	(416)
(Decrease)/increase in trade and other payables	11	1,222
Net cash from operating activities		**(2,431)**
Cash flows from investing activities		
Acquisition of other intangible assets	6	(7,803)
Acquisition of property, plant and equipment	7	(641)
Net cash from investing activities		**(8,444)**
Cash flows from financing activities		
Net proceeds from the issue of share capital		13,565
Net cash from financing activities		**13,565**
Net increase/(decrease) in cash and cash equivalents		**2,690**
Cash and cash equivalents on incorporation		-
Effect of exchange rate fluctuations on cash held		10
Cash and cash equivalents at 31 December 2013	10	**2,700**

Company Cash Flow Statement
for period ended 31December 2013

	Notes	2013
		$'000
Cash flows from operating activities		
Loss for the period		**(773)**
Adjustments for:		
Foreign exchange losses		(1)
		(774)
Increase in trade and other receivables	9	(2,639)
Increase in trade and other payables	11	80
Net cash from operating activities		**(3,333)**
Cash flows from investing activities		
Investment in subsidiary	8	(8,000)
Net cash outflow from investing activities		**(8,000)**
Cash flows from financing activities		
Net proceeds from the issue of share capital		13,565
Net cash from financing activities		**13,565**
Net increase/(decrease) in cash and cash equivalents		**2,232**
Cash and cash equivalents on incorporation		-
Effect of exchange rate fluctuations on cash held		1
Cash and cash equivalents at 31 December 2013	10	**2,233**

Notes
(forming part of the financial statements)

1 Reporting Entity

Oyster Petroleum Holding Limited is a company incorporated and domiciled in the UK.

Basis of Preparation

The Group'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").

The financial statements are presented in US dollars, which is the Group's functional currency. The financial statements are prepared on the historical cost basis except where accounting standards require fair value adjustments, such adjustments being described in the relevant note to the financial statements.

Basis of consolidation

The consolidated financial statements consist of the Company and its subsidiary. Subsidiaries are consolidated using the acquisition method of accounting and are consolidated from the date on which control over the operating and financial decisions are obtained.

The Group is engaged in oil & gas activities through unincorporated joint ventures and accounts for its share of results and net assets of these joint ventures. In addition, where a Group company acts as operator to a Joint Venture, the gross liabilities and receivables are included in the Group Balance Sheet.

Use of estimates and judgement

The Groups accounting policies make use of estimates and judgements, primarily for Oil & Gas assets impairments, depletion and decommissioning liabilities and for deferred tax.

2 Significant Accounting policies

Oil and Gas expenditure for exploration and evaluation assets

Costs incurred prior to obtaining the legal rights to explore an area are expensed immediately to the income statement.

All directly attributable costs incurred after to the rights to explore have been obtained are capitalised as intangible exploration and evaluation ("E&E") assets in well, field, prospect or other specific cost pools as appropriate pending determination of commercial reserves. If commercial reserves have been discovered the carrying value after any impairment loss of the relevant E&E assets are then reclassified as development and production assets within property plant and equipment. However if commercial reserves have not been found the capitalised costs are written off to the statement of comprehensive income.

Development and production assets

Development and production ("D&P") assets, classified within property, plant and equipment, are accumulated generally on a field by field basis and represent the costs of developing the commercial reserves discovered and bringing them into production, together with the E&E expenditures incurred in finding commercial reserves transferred from intangible E&E assets.

The net book value of producing assets are depreciated generally on a field by field basis using the unit-of-production method by reference to the ratio of production in the year and the related commercial reserves of the field, taking into account the future development expenditure necessary to bring those reserves into production.

Impairment

Impairment occurs when events or changes in circumstances indicate the carrying value of an asset may not be recoverable. The specific values, reasons and circumstances are included in the relevant note where impairment occurs. Impairments are expensed to the statement of comprehensive income, such expense being reversed in whole or in part, if the impairment is no longer appropriate.

Notes *(continued)*

Decommissioning

Where a legal or constructive obligation has been incurred, provision is made for the net present value of the estimated cost of decommissioning at the end of the producing lives of fields.

A corresponding amount equivalent to the provision is also recognised as an asset. The asset is then subsequently depreciated in line with the life of the underlying producing field and this is charged to the statement of comprehensive income. The unwinding of the discount on the provision is included in the statement of comprehensive income within finance costs. Any changes to estimated costs or discount rates are dealt with prospectively by recoding an adjustment to the provision and a corresponding adjustment to the assets.

Equipment

Equipment is initially recorded at cost then depreciation is calculated on a straight line basis to write down the cost of the asset to their residual values over their estimated useful lives as follows:

- Office Refurbishment 5 years
- IT equipment and software 3 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Investments in subsidiary undertakings

Investments are shown at cost less provision for impairment.

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

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.

Deferred tax

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.

Foreign currency

Transactions in foreign currencies are translated to the Group's functional currency at the average exchange rates for the respective months. 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.

Pension costs

Contributions made to personal pension schemes of employees are charged to the income statement as incurred. The schemes are administered independently of the Group.

Notes *(continued)*

Operating lease payments

Payments made under operating leases are recognised in the income statement 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.

Adopted IFRS not yet applied

The following Adopted IFRSs have been issued but have not been applied in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- IFRS 10 'Consolidated financial statements' (effective 1 January 2014)
- IFRS 12 'Disclosures of interests in other entities' (effective 1 January 2014)
- IFRS 11, 'Joint arrangements'(effective 1 January 2014)
- IAS 27 (revised 2011) 'Separate financial statements' (effective 1 January 2014)
- IAS 28 (revised 2011) 'Associates and joint ventures' (effective 1 January 2014)
- IAS 32 'Offsetting financial assets and liabilities' (effective 1 January 2014)

The Group is yet to assess the full impact of these new standards and amendments but does not expect them to have a material impact on the financial statements.

Notes *(continued)*

3 Administrative Expenses

Included in the statement of comprehensive loss are the following:

	6 months ending 31 December 2013 $'000
Operating Lease	24
Depreciation, depletion and amortisation	25
Auditor's remuneration:	
- Audit of these financial statements	3
- Audit of financial statements of subsidiaries	12
- Non audit fees	-

4 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the period, analysed by category, was as follows:

	6 months ending 31 December 2013
Administration	1
Technical	3
	4

The aggregate payroll costs of these persons were as follows:

	6 months ending 31 December 2013 $'000
Wages and salaries	553
Social security costs	53
Contributions to defined contribution plans	12
	618

Directors' remuneration	6 months ending 31 December 2013 $'000
Directors salaries	218
Contributions to defined contribution plans	4
Amounts paid to third parties in respect of directors' services	327
	549

Notes *(continued)*

5 Taxation

Recognised in the income statement

	6 months ending 31 December 2013 $'000
UK Corporation tax:	
Current tax on losses for the year	-
Deferred Tax	-
Tax per income statement	**-**

Factors Affecting Total Tax Charge for the Current Period

The charge for the year can be reconciled to the profit per the income statement as follows:

Reconciliation of effective tax rate

	6 months ending 31 December 2013 $'000
Loss for the period	(3,252)
Tax on loss at standard UK tax rate of 62%	(2,016)
Effects of:	
Pre-trading expenditure	1,382
Expenses not deductible	240
Depreciation in excess of capital allowances	11
Tax losses utilised	78
Non-ring fenced items taxed at a reduced rate	297
Other timing differences	8
Tax charge for the period	**-**

A deferred tax asset for losses has not been recognised on the basis that it is not probable that there will be future taxable profits available against which the asset can be utilised.

Notes *(continued)*

6 Intangible fixed assets

Group	Oil and gas assets $'000	IT software $'000	Total $'000
Cost			
Balance on incorporation	-	-	-
Additions	7,774	29	7,803
Balance at 31 December 2013	7,774	29	7,803
Depreciation and impairment			
Balance on incorporation	-	-	-
Depreciation charge for the year	-	(1)	(1)
Balance at 31 December 2013	-	(1)	(1)
Net book value			
On incorporation	-	-	-
At 31 December 2013	**7,774**	**28**	**7,802**

There are no Intangible fixed assets held by the company.

7 Property plant and equipment

Group	**Office Equipment $'000**
Cost	
Balance on incorporation	-
Additions	641
Balance at 31 December 2013	641
Depreciation and impairment	
Balance on incorporation	-
Depreciation charge for the year	(24)
Balance at 31 December 2013	(24)
Net book value	
On incorporation	-
At 31 December 2013	**617**

There is no property, plant and equipment held by the company.

8 Investments

Company	Incorporated	Class of Shares	Percentage Held	Net assets	Result for the period
				$000's	$000's
Oyster Petroleum Limited	England and Wales	Ordinary	100%	5,521	**(2,479)**

Notes *(continued)*

9 Trade and other receivables

Group

	2013 $'000
Other trade receivables	416

Company

	2013 $'000
Other trade receivables	135
Trade Receivables due from related parties	2,504
	2,639

10 Cash and cash equivalents

Group

	2013 $'000
Cash and cash equivalents per balance sheet	**2,700**

Company

	2013 $'000
Cash and cash equivalents per balance sheet	**2,233**

11 Trade and other payables

Group

	2013 $'000
Current	
Other trade payables	1,162
Non-trade payables and accrued expenses	60
	1,222

Company

	2013 $'000
Current	
Other trade payables	80
	80

Notes *(continued)*

12 Capital and reserves

Share capital

In thousands of shares	**2013 Ordinary Shares**	**2013 Preference Shares**
Issued for cash	100	1,265
In issue at 31 December 2013 – fully paid	**100**	**1,265**
	$'000	**$'000**
Allotted, called up and fully paid	**1,000**	**12,565**

Preference shareholders are entitled to distributions in preference to common shareholders.

13 Financial instruments

Financial risk factors and capital risk management

Credit risk
Credit risk arises from cash and cash equivalents. As at 31 December the short term deposits were held with a financial institution with a credit rating of A. The Group only trades with recognised credit worthy third parties.

Liquidity risk
Liquidity risk is the need to maintain sufficient cash and cash equivalent and undrawn borrowing facilities for the Group to continue to meet its cash and funding requirements as they fall due. The Group closely monitors its funding requirements.

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's holdings of financial instruments.

31 December 2013

	Sterling £'000	**Total $'000**
Cash and cash equivalents	102	169
Trade receivables	170	281
Trade payables	(658)	(1,089)
Net exposure	(386)	(639)

Sensitivity analysis
A 10% percent weakening of the US dollar against the pound sterling at 31 December 2013 would have increased (decreased) equity and profit or loss of $94,000. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular other exchange rates and interest rates, remain constant.

Capital management
Company

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern whilst maximising the return to shareholders. The Company is not subject to any externally imposed capital restrictions.

Notes *(continued)*

14 Operating leases

The future aggregate leasehold payment under non-cancellable operating leases in respect of land and buildings were as follows:

	Group 2013 $'000
Less than one year	-
Between one and five years	261
	261

During the period ended 31 December 2013 $23,740 was recognised as an expense in the income statement in respect of operating leases.

15 Commitments

Capital commitments

The Group had no outstanding Capital commitments at 31 December 2013.

16 Related parties

Group

Key management personnel

The compensation of key management personnel (including the directors) is as follows:

	2013 $'000
Key management emoluments including social security costs	582
Company contributions to defined contributions pension plan	12
Amounts paid to third parties in respect of directors' services	327
	921

Other

The Group have accrued amounts payable to HitecVision of $80,000 as at the period end.

Company

Transactions with other group entities

	2013 $'000
Amount owed by Oyster Petroleum Limited	2,504

Key management personnel

The compensation of key management personnel (including the directors) is as follows:

	2013 $'000
Amounts paid to third parties in respect of directors' services	325

Transactions with shareholders

The company has accrued fees payable to HitecVision of $80,000 as at the period end.

17 Subsequent event

On the 12 February 2014 Oyster Petroleum announced that that the exploration well on the Handcross prospect (204/18b-2A) has been drilled to a total measured depth of 10,120 feet into the Tertiary, Vaila Formation. No hydrocarbons were encountered in the target T36 or T35 AA sands. The well was plugged and abandoned. The total well cost of $11.5 million was written off to the income statement in 2014, of which $3.7 million of costs were incurred in 2014.