



**DELONEX ENERGY LIMITED**

**GROUP FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 March 2020**

WEDNESDAY



A16 \*A9FMYKJD\* 14/10/2020 #32  
COMPANIES HOUSE



**Group financial statements**  
**for the year ended 31 March 2020**

---

**CONTENTS**

<b>Group financial statements</b>	<b>PAGE NO</b>
Corporate information	3
Strategic report	4-5
Directors report	6
Statement of Directors' responsibilities for the consolidated financial statements	7
Independent Auditors' report	8-9
Group statement of profit or loss	10
Group statement of comprehensive income	10
Group statement of financial position	11
Group statement of changes in equity	12
Group statement of cash flows	13
Notes to the Group financial statements	14-38
 <b>Company financial statements</b>	
Company statement of profit or loss	40
Company statement of comprehensive income	40
Company statement of financial position	41
Company statement of changes in equity	42
Company statement of cash flows	43
Notes to the Company financial statements	44-55

**Corporate information**  
**for the year ended 31 March 2020**

---

DIRECTORS:	Peter Kagan (Resigned on 23 <sup>rd</sup> June 2020) Somit Varma (Resigned on 23 <sup>rd</sup> June 2020) Rahul Dhir (Resigned on 23 <sup>rd</sup> June 2020) Steve Bell (Resigned on 23 <sup>rd</sup> June 2020) Peder Bratt Saleem Karimjee (Resigned on 18 <sup>th</sup> October 2019) Shravin Mittal James Kleckner (Resigned on 23 <sup>rd</sup> June 2020) Namrata Thapar (Appointed on 18 <sup>th</sup> October 2019) Mark Crawley (Appointed on 01 <sup>st</sup> August 2020)
REGISTERED OFFICE:	Almack House 28 King Street London SW1Y 6QW, United Kingdom
PRINCIPAL PLACE OF BUSINESS:	First Floor, 55 Strand, London WC2N 5LS, United Kingdom
REGISTERED NUMBER:	08516679 (England and Wales)
AUDITORS:	Ernst & Young LLP 1 More London Place London SE1 2AF



## Strategic Report

### The Company

Delonex Energy Limited ("Deionex" or the "Company") was established in May 2013, as an oil and gas company incorporated in the United Kingdom.

The Company is primarily engaged in exploration and exploitation of oil and gas resources in sub-Saharan Africa. The Company's focus has been on acquiring interests in hydrocarbon licenses through a combination of licensing rounds, direct awards from host-governments and farm-ins, and subsequent drilling of exploration & appraisal wells.

Delonex is owned by a group of investors led by certain funds managed by Warburg Pincus LLC, Bharti Global Limited and the International Finance Corporation (together referred to as "Investors").

Delonex operates through its management companies in the United Kingdom, India and Kenya. The Board of Directors of Delonex approves all material investment decisions, with such decisions being ratified by its investors.

Delonex is committed to the highest standards of environmental, social and corporate governance and, in particular, minimising the impact of our operations on the environment. Our policy is to work closely with local governments so that hydrocarbons development can be a catalyst for socio-economic progress.

### Business review

During the year, the Group continued its exploration efforts in Chad, Kenya and Ethiopia and also evaluated inorganic opportunities.

In Chad, the Group exercised its right to a two-year extension to the renewal period till June 2022 and continued its exploration programme in Block H. Delonex successfully completed phase 1 of the drilling programme with the completion of 6 wells in June 2019. Of these 6 wells, 2 were drilled in this financial year. The second phase of exploration commenced with the 3D seismic data acquisition to define the next stage of exploration drilling; 2,331 Sq.Km data was acquired and the programme was completed in October 2019. Drilling planning & preparation work for Phase 2 drilling was subsequently started, but the programme has been put on hold following the Covid-19 pandemic.

In Kenya, having completed the minimum work programme in Block12A, Delonex did not see sufficient technical and commercial prospectivity to proceed to the Second Additional Exploration Period and has relinquished license upon expiry of the first additional exploration period on 1 June 2020. In Ethiopia, Delonex had relinquished Blocks 18, 19 & 21 in 2017 and closure activities are ongoing.

During the year, the previously announced purchase of 50% ownership interest in Petrobras Oil and Gas B.V ("POGBV"), by a consortium including Delonex, did not complete prior to the agreed longstop date. Delonex decided to not participate in the new consortium and withdrew from the transaction. Certain expense incurred prior to withdrawal were reimbursed to the Group as a result.

The combination of the coronavirus pandemic and record low oil prices has had material negative impact on Delonex. Force Majeure notice was issued to the Government of Chad (GoC) on April 9, 2020 and acknowledged by GoC on April 28, 2020. Due to the uncertainties imposed by the pandemic on the timing of Phase 2 drilling, the Group will re-assess its plans post response from the GoC. Consequently, in April 2020 the Group decided to restructure its business by announcing redundancies of employees across the entities to reduce costs to enable the business to weather the downturn, protect its assets and provide optionality for future activities. Despite the uncertainty, the Directors are satisfied that the Group has adequate resources to continue to operate for the foreseeable future. See Directors' Report for further details.

### Employees

The Group had 61 employees as at 31st March 2020, as compared to 59 in the previous year.

### HSE and working environment

Delonex activities during the year had minimal impact on the external environment with no oil and gas operation emissions reported. There was one Lost Time Injury recorded in Chad, relating to a fractured leg in workshop area and there were no security or community incidents. From March 2020, the Covid-19 pandemic resulted in travel restrictions and leading to an evacuation of expatriates from Chad. The Group always seeks to employ the highest standards for Health & Safety, Environment, Social and Security (HSESS). Management policies and framework on HSESS are in practice in line with IFC Performance Standards



**Future developments**

In 2020-21, the Group will complete the restructuring of its business to reduce cost, continue to protect its existing licenses and remain fully compliant during the current period of uncertainty.

**Principal risks and uncertainties**

Delonex's assets are early-stage exploration and appraisal assets which do not presently generate cash flow and which have considerable risks and uncertainties, including but not limited to natural disasters, hydrocarbon volumes in place, access to capital, availability of technology and professional resources, access to infrastructure and markets, commodity prices, regional geo-politics, fiscal stability and health and safety of the Group's operations. Further, the prevailing extraordinary volatile macro and commodity price conditions, including emerging impacts of the ongoing Covid-19 pandemic, create a material uncertainty regarding the monetisation of Delonex assets and the continuation of the Group as a going concern. For financial risks, please refer to note 22 of the financial statements.

**For and on behalf of the Board**

A handwritten signature in black ink, appearing to read "M Crawley".

**Mark Crawley – Director**

18<sup>th</sup> August 2020



## Directors Report

The Directors present their report and the financial statements for the year ended 31 March 2020.

### Directors

The Directors who served on the Board during the period are shown below:

Peter Kagan (Resigned on 23<sup>rd</sup> June 2020)  
Somit Varma (Resigned on 23<sup>rd</sup> June 2020)  
Rahul Dhir (Resigned on 23<sup>rd</sup> June 2020)  
Steve Bell (Resigned on 23<sup>rd</sup> June 2020)  
Peder Bratt  
Saleem Karimjee (Resigned on 18<sup>th</sup> October 2019)  
Shravin Mittal  
James Kleckner (Resigned on 23<sup>rd</sup> June 2020)  
Namrata Thapar (Appointed on 18<sup>th</sup> October 2019)  
Mark Crawley (Appointed on 01<sup>st</sup> August 2020)

Anupam Sharma is the Group General Counsel as well as the Company Secretary and an Authorized Signatory of the Company.

### Dividends

The Directors do not recommend the payment of a dividend.

### Future Developments

Please refer to the Future Developments section of the Strategic Report.

### Financial Instruments

Please refer to note 22 of the financial statements.

### Events since the balance sheet date

In April 2020, the Group decided to restructure its business to reduce costs to enable the business to weather the downturn, protect its assets and provide optionality for future activities. Please refer to note 36 of the Group financial statements for further details.

### Going concern

The Directors are satisfied that the Group has adequate resources to continue to operate for the foreseeable future.

To enable the Directors to assess the appropriate basis of preparation, the Group prepared a cash flow forecast which considered reduced costs in the future following the implementation of an organizational restructuring between April and June 2020 and material cost reductions on the basis that no further drilling activity will be performed in the next 12 months. In the forecast, the Group assumed that its underlying operations will be limited to compliance and regulatory activities. With this, the Group has financial resources with sufficient headroom on the basis of the cash in hand and guaranteed cash recoveries of amounts due to the Group to meet its committed obligations over the next 12 months. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

However, the Directors recognise the inherent uncertainty in the Group's future outlook given the prevailing extraordinary volatile macro and commodity price conditions, including emerging impacts of the ongoing Covid-19 pandemic, and that the possibility of unexpected downside outcomes remains which create a material uncertainty on the funding of the exploration program in Chad and the Group's ability to continue as a going concern.

### Directors' statement as to disclosure of information to auditors

As far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing their report, of which the auditor is unaware. Having made enquiries of fellow Directors and the Group's auditor, each Director has taken all the steps that he is obliged to take as a Director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

For and on behalf of the Board

Mark Crawley – Director  
18<sup>th</sup> August 2020

#### **Statement of Directors' responsibilities for the consolidated financial statements**

The Directors are responsible for preparing the Directors Report and the financial statements in accordance with the applicable law and regulations.

Company Law requires the Directors to prepare the financial statements for each financial year. Under that law, the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Under company law the Directors must not approve the Group financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the Group financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DELONEX ENERGY LIMITED**

### **Opinion:**

We have audited the financial statements of Delonex Energy Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the Group and Parent Statement of Profit or Loss, Group and Parent Statement of Comprehensive Income, Group and Parent Statement of Financial Position, Group and Parent Statement of Changes in Equity, and Group and Parent Statement of Cash Flows, Group related notes 1 to 36 and Parent related notes 1 to 25, including a summary of significant accounting policies. 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 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

### **In our opinion:**

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 31 March 2020 and of the group's and parent company's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Material uncertainty related to going concern**

We draw attention to Note 2 in the financial statements, which indicates that after implementation of material cost reductions and organizational restructuring between April and June 2020, the Group has sufficient financial resources on the basis of the cash on hand to meet its committed obligations over the next 12 months. However, the Group recognises the inherent uncertainty in the Company's future outlook given the prevailing extraordinary volatile macro and commodity price conditions, including emerging impacts of the ongoing Covid-19 pandemic, and that the possibility of unexpected downside outcomes remains which create a material uncertainty regarding the Group's ability to continue as a going concern.

As stated in Note 2, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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



We have nothing to report in this regard.

#### **Opinions 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 directors' report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

#### **Use of our report**

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



Stephney Dallmann (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
Date: 19 August 2020

**Group statement of profit or loss  
for the year ended 31 March 2020**

		31 March 2020	31 March 2019
	Notes	USD ('000)	USD ('000)
<b>Revenue</b>		-	-
Cost of sales		-	-
<b>Gross profit</b>		-	-
Administrative expenses		(11,981)	(9,616)
Impairment charges	14, 16	(49,517)	-
Exploration expenses	10	(43,618)	(15,551)
<b>Operating loss</b>		<b>(105,516)</b>	<b>(25,167)</b>
Other income	11	38,536	261
<b>Loss before tax and finance cost</b>		<b>(66,580)</b>	<b>(24,906)</b>
Finance Income		328	65
Finance cost		(77)	(15)
<b>Net finance cost</b>	12	<b>251</b>	<b>50</b>
<b>Loss before tax</b>		<b>(66,329)</b>	<b>(24,856)</b>
Income tax expense	13 (a)	(56)	(147)
<b>Loss for the period</b>		<b>(66,385)</b>	<b>(25,003)</b>

The notes on pages 14 to 38 form an integral part of these financial statements.

**Group statement of comprehensive income  
for the year ended 31 March 2020**

		31 March 2020	31 March 2019
	Notes	USD ('000)	USD ('000)
Loss for the period		<b>(66,385)</b>	<b>(25,003)</b>
Other comprehensive income/(loss)		-	-
Exchange difference on translation of foreign operations		(178)	(164)
		<b>(178)</b>	<b>(164)</b>
<b>Total comprehensive loss for the period</b>		<b>(66,563)</b>	<b>(25,167)</b>

The notes on pages 14 to 38 form an integral part of these financial statements.

**Group statement of financial position**  
**As at 31 March 2020**

		31 March 2020	31 March 2019
	Notes	USD ('000)	USD ('000)
<b>Assets</b>			
<b>Non-current assets</b>			
Exploration and evaluation assets	14	212,538	241,562
Property, plant and equipment	15	1,482	735
Goodwill	16	1,006	1,580
Other intangible assets	17	544	0
Deferred tax assets	13 (b)	1	20
		<b>215,571</b>	<b>243,897</b>
<b>Current assets</b>			
Trade and other receivables	18	999	1,127
Prepayments	19	473	877
Cash & cash equivalents	20	15,016	15,491
Liquid investments	21	1,071	674
		<b>17,559</b>	<b>18,169</b>
<b>Total assets</b>		<b>233,130</b>	<b>262,066</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	23	396	254
Share premium	23	341,912	254,428
Advance against equity		-	50
Other capital reserve	23	100	41
Retained earnings	25	(184,971)	(118,586)
Foreign currency translation reserve		(223)	(45)
<b>Total equity</b>		<b>157,214</b>	<b>136,142</b>
<b>Non-current liabilities</b>			
Liability for C Preferred Shares	26	59	62
Other non-current financial liabilities	27	65,559	101,349
Lease liability	28	370	-
Decommissioning provision	29	2,650	2,984
		<b>68,638</b>	<b>104,395</b>
<b>Current liabilities</b>			
Trade and other payables	30	6,643	20,254
Lease liability	28	288	-
Provisions	31	347	1,276
		<b>7,278</b>	<b>21,530</b>
<b>Total liabilities</b>		<b>75,916</b>	<b>125,924</b>
<b>Total equity and liabilities</b>		<b>233,130</b>	<b>262,066</b>

The notes on pages 14 to 38 form an integral part of these financial statements.

The financial statements were signed on behalf of the Board by.



**Mark Crawley – Director**  
18<sup>th</sup> August, 2020



**Group statement of changes in equity  
for the year ended 31 March 2020**

USD ('000)												
	A preferred shares	Share Premium	Advance Against Equity	B1 ordinary shares	B2 ordinary shares	B3 ordinary shares	B4 ordinary shares	C preferre d shares	Other capital reserve	Foreign currency translation reserve	Retained earnings	Total equity
As at 31 March 2018	214	214,566	-	-	-	-	-	-	41	119	(93,583)	121,357
Loss for the year	-	-	-	-	-	-	-	-	-	-	(25,003)	(25,003)
Other comprehensive loss for the year	-	-	-	-	-	-	-	-	-	(164)	-	(164)
Issue of share capital	40	39,862	50	-	-	-	-	-	-	-	-	39,952
Reduction of share capital	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2019	254	254,428	50	-	-	-	-	-	41	(45)	(118,586)	136,142
Loss for the year	-	-	-	-	-	-	-	-	-	-	(66,385)	(66,385)
Other comprehensive loss for the year	-	-	-	-	-	-	-	-	-	(178)	-	(178)
Issue of share capital	142	87,543	(50)	-	-	-	-	-	-	-	-	87,635
Reduction of share capital	-	(59)	-	-	-	-	-	-	59	-	-	-
As at 31 March 2020	396	341,912	-	-	-	-	-	-	100	(223)	(184,971)	157,214

The notes on pages 14 to 38 form an integral part of these financial statements.

**Group Statement of Cash Flows**  
**for the year ended 31 March 2020**

		31 March 2020	31 March 2019
	Notes	USD ('000)	USD ('000)
<b>Cash flow from Operating activities</b>			
<b>Loss before tax</b>		(66,329)	(24,856)
<b>Adjustments</b>			
Depreciation	15	333	108
Amortisation	17	3	15
Interest expense on lease	12	60	-
Impairment on exploration and evaluations assets	14	48,943	-
Write off on exploration and evaluation assets	10	40,487	-
Unsuccessful exploration costs	10	1,769	15,326
Impairment of goodwill	16	574	-
Change of fair value in contingent consideration	27	(35,790)	-
Finance income	12	(328)	(65)
<b>Other adjustments</b>			
Decrease/(Increase) in deferred tax assets	13(b)	19	(4)
(Decrease)/Increase in non-current liability		(337)	435
<b>Working capital adjustments:</b>			
Decrease in trade and other receivables		180	324
Decrease in prepayments		404	1,168
(Decrease)/Increase in trade and other payables		(14,539)	9,556
		<b>(24,551)</b>	<b>2,007</b>
Income tax paid		(89)	(133)
<b>Net cash flows used from operating activities</b>		<b>(24,640)</b>	<b>1,874</b>
<b>Investing activities</b>			
Expenditure on exploration and evaluation assets	14	(61,869)	(61,412)
Purchase of property plant and equipment	15	(420)	(500)
Purchase of other intangible assets	17	(548)	-
Movement in fixed deposits		(397)	3,059
Interest received		309	66
<b>Net cash flows used in investing activities</b>		<b>(62,925)</b>	<b>(58,787)</b>
<b>Financing activities</b>			
Issue of share capital		87,635	39,952
Repayment of lease liabilities	28	(385)	-
<b>Net cash inflow from financing activities</b>		<b>87,250</b>	<b>39,952</b>
Decrease in cash and cash equivalents		(315)	(16,961)
Net foreign exchange difference		(160)	(136)
Cash and cash equivalents at 01 April 2019		15,491	32,588
<b>Cash and cash equivalents at 31 March 2020</b>	20	<b>15,016</b>	<b>15,491</b>

The notes on pages 14 to 38 form an integral part of these financial statements.



**Notes to the Group financial statements  
for the year ended 31 March 2020**

**1. Corporate information**

Delonex Energy Limited (the 'Company') is a private limited company and is limited by shares. Delonex Energy Limited is principally a holding company for the Delonex Group, which comprises the Company and all its subsidiaries (collectively the 'Group'). The Company is set up by a Group of investors led by Warburg Pincus LLC, a leading US based private equity firm and is incorporated and domiciled as a limited Company in England and Wales. The Group's principal activities are of exploration, exploitation and development of oil and natural gas fields in sub-Saharan Africa. The Group financial statements of Delonex Energy Limited for the year ended 31 March 2020 were authorised for issue in accordance with the resolution of the Directors on 18<sup>th</sup> August 2020.

**2. Basis of preparation**

The consolidated financial statements for the period ended 31 March 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

To assess the appropriate basis of preparation, the Group prepared a cash flow forecast which considered reduced costs in the future following the implementation of an organizational restructuring between April and June 2020 and material cost reductions on the basis that no further drilling activity will be performed in the next 12 months. In the forecast, the Group assumed that its underlying operations will be limited to compliance and regulatory activities. With this, the Group has financial resources with sufficient headroom on the basis of the cash in hand and guaranteed cash recoveries of amounts due to the Group to meet its committed obligations over the next 12 months. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements. However, the Directors recognise the inherent uncertainty in the Group's future outlook given the prevailing extraordinary volatile macro and commodity price conditions, including emerging impacts of the ongoing Covid-19 pandemic, and that the possibility of unexpected downside outcomes remains, and in particular, the timing of the drilling activities in Chad remain uncertain. These events create a material uncertainty on the funding of the exploration program in Chad and the Group's ability to continue as a going concern.

**a) Basis of measurement**

The financial statements have been prepared under the historical cost convention except for financial instruments that have been measured at fair value.

**b) Presentation and functional currencies**

The consolidated financial statements are presented in United States Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

**c) Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2020. Subsidiaries listed in note 34 are fully consolidated from the date on which control is transferred to the Group, until the date such control ceases. Control exists when an entity has the power to govern the financial and operating policies of an entity to obtain benefit from its activities. All intra-group balances, income and expenses, unrealized gains and losses resulting from intra-group transactions have been eliminated in full.

**d) Interest in joint arrangements**

The Group has interests in joint arrangements where partners have joint control established through contractual agreement. The Groups interests in these arrangements are accounted for by recognising its proportionate share in assets and liabilities of these jointly controlled licenses.

**3. Summary of significant accounting policies**

**a) Revenue from contracts with customers**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The specific recognition criteria described below must also be met before revenue is recognised.

**Dividends**

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

**Interest**

Interest income is accrued on a time basis at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

**Notes to the Group financial statements  
for the year ended 31 March 2020**

**b) Foreign currency translations**

**i. Transactions and balances**

Transactions in foreign currencies are initially recorded by the Group at its respective functional currency spot rates, at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

**ii. Group companies**

On consolidation, the assets and liabilities of foreign operations are translated into USD at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the date of transaction. The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

**c) Current versus non-current classification**

The Group presents assets and liabilities in the statement of financial position based on current / non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in a normal operating cycle
- expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability, for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in a normal operating cycle
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**d) Exploration and evaluation assets**

Group follows a successful efforts-based accounting policy for oil and gas exploration and evaluation assets. The success or failure of each exploration effort is assessed for each well.

**i. Pre-License Costs**

Pre-license costs incurred prior to obtaining the right to explore are expensed immediately in statement of profit or loss.

**ii. License and Property Acquisition Costs**

Expenditure incurred on the acquisition of license interests and leasehold properties (including signature bonus, training and community development etc.) is initially capitalised on a license-by-license basis. These costs are held, un-depleted, within intangibles assets as exploration and evaluation costs until such time as the exploration phase on the License area is complete or commercial reserves have been discovered. Upon recognition of proved reserves, which includes internal approval for development, the relevant expenditure is transferred to Oil and Gas properties.

Annual license costs and rentals incurred to explore in the license area are capitalised as part of license and property acquisition costs.

Acquisition costs which are incurred as part of farm in transactions are also initially capitalised and later being transferred as Oil and Gas properties, in the manner discussed above.

**iii. Exploration and Evaluation Cost**

All direct and indirect costs (including general and administrative expenses) incurred in the exploration phase as part of determining the oil and gas exploration targets are capitalised initially within intangible assets and subsequently allocated to drilling activity.

**Notes to the Group financial statements  
for the year ended 31 March 2020**

**Exploration and Evaluation Cost (continued)**

All direct and indirect costs (G&A) relating to exploration, appraisal and drilling are initially capitalised on a well-by-well basis. Exploratory well costs are written off in the statement of profit or loss on completion of the well if the outcome is a dry well. Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of extractable hydrocarbons, including the cost of appraisal wells where hydrocarbons were not found, are initially capitalised as an intangible asset.

Following the appraisal of a successful exploration well, if commercial reserves are established and the project is internally sanctioned by management, the relevant capitalised expenditure is first assessed for impairment and (if required) impairment losses recognised, then the remaining balances are transferred to Oil and Gas properties. Where results of exploration drilling indicate the presence of hydrocarbons which are ultimately not considered commercially viable, all related costs are written off to the statement of profit or loss.

**e) Interest in Joint Arrangements**

Joint arrangements are those that convey joint control which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

Some of the Group's activities are conducted through joint operations, whereby the parties that have joint control of the arrangement have the rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group reports its interests in joint operations using proportionate consolidation – the Group's share of the assets, liabilities, income and expenses of the joint operation are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

**f) Farm-in and farm-out transactions**

A farm-in / farm-out agreement is recognised when risks and rewards of ownership are transferred, which usually take place when necessary formal approvals are given by the partners and respective Governments.

For transactions involving assets in the exploration and evaluation phase, the group has adopted an accounting policy permitted by IFRS 6 such that the Group does not record any expenditure incurred by the farmee on behalf of the Group. The Group also does not recognise any gain or loss on its farm-out arrangements but re-designates any cost previously capitalised as in relation to the whole interest, to the partial interest retained. Net proceeds from any disposal or farm-out of an intangible exploration asset are recorded as reduction in total carrying value of intangible exploration assets; excess (if any) being accounted as gain on disposal.

For a farm-in transaction, the Group recognises its expenditure under the arrangement in respect of its own interest and for carried interests, where the Group is carrying any other partner for their share of expenditure in the exploration stage, the Group accounts for such partner share also in its books of accounts as and when costs are incurred.

**g) Decommissioning**

The Group's activities give rise to dismantling, decommissioning and remediation activities. Provision is made for the estimated cost of abandonment and site restoration and is capitalised in the relevant asset category. Decommissioning obligations are measured at the present value of management's best estimate of the expenditures required to settle the present obligation at the reporting date. Subsequent to the initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognised as finance costs whereas changes in the estimated timing of decommissioning or decommissioning cost estimates, or discount rate are recognised prospectively by recording an adjustment to the decommissioning obligation, and a corresponding adjustment to the corresponding exploration and evaluation asset. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established.



**Notes to the Group financial statements  
for the year ended 31 March 2020**

**h) Property, plant and equipment**

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects, if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement, if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss, as incurred.

Depreciation is calculated as a straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortised over the shorter of their useful life or the remaining term of the lease. The remaining term of the lease for amortization purposes can be extended into additional lease renewal periods if the renewal is reasonably assured.

**Estimated useful life of assets**

Computer equipment	36 Months
Furniture and fixtures	120 Months
Office equipment	60 Months

**i) Intangible assets**

Intangible assets are initially recognised at cost, carried net of accumulated amortisation, and accumulated impairment losses, if any. The cost of intangible assets acquired in a business combination is accounted at fair value at the date of acquisition (refer to "section u"). Intangible assets for the Group, comprises of computer software, which are amortised over 36 months.

**j) Financial instruments**

**Financial assets**

Financial assets are recognised initially at fair value, normally being the transaction price.

The financial assets of the Group include trade and other receivables and cash and cash equivalent. These are categorised as loans and receivables. These assets are initially recognised at fair value and are subsequently measured at amortised cost less an allowance for uncollectable amounts.

**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 Group after deducting all of its liabilities. Financial liabilities for the Group include trade and other payables and provisions which are recognised at fair value and subsequently measured at amortised cost.

**k) Trade and other receivables**

Trade and other receivables, including receivables from related parties, are initially recognised at fair value and subsequently measured at amortised cost less an allowance for uncollectable amounts. Collectability and impairment are assessed on a regular basis.

**l) Cash and cash equivalents**

Cash and cash equivalents comprise bank balances, cash in hand and short-term deposits with original maturity of less than three months.

**m) Liquid investments**

Liquid investments include short-term deposits with banks with original maturity of more than 3 months and less than 12 months.

**n) Trade and other payables**

Trade and other payables are initially measured at fair value and are subsequently also measured at amortised cost, using the effective interest rate method. All transactions are recognised on their transaction date.



**Notes to the Group financial statements  
for the year ended 31 March 2020**

**o) Provisions and contingencies**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss, net of any reimbursement. A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events or where the amount of the obligation cannot be measured reliably, except where the contingent liability results as part of a business combination. The Group does not have any material contingent liabilities as of the reporting date.

**p) Leases**

**Accounting policy applicable prior to 1 April 2019**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement

**Group as a lessee**

Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. The Group does not have any finance leases during the reporting period. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

**Accounting policy applicable from 1 April 2019**

The Group assesses at contract inception all arrangements to determine whether it is or contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. The Group is not a lessor in any transactions, it is only a lessee.

**Right-of-use assets**

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Annually, the Group also assesses the right-of-use asset for impairment when such indicators exist.

**Lease liabilities**

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using Group's incremental borrowing rate because the interest rate implicit in the lease is generally not determinable. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. The liability is remeasured to reflect any reassessment or modification, or if there are changes in future payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

**Notes to the Group financial statements  
for the year ended 31 March 2020**

**Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases i.e. leases which are for periods of less than one year and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of low-value items which have no material impact on the Group's Financial Statements. Payments associated with the short-term leases and leases of low value assets will continue to be recognised as an expense on a straight-line basis

**q) Share-based payments**

Employees (including senior executives and directors) and certain consultants of the Group receive remuneration in the form of share-based payments, whereby employees and consultants render services as consideration for equity instruments (equity-settled transactions).

**Equity-settled transactions**

The cost of equity-settled transactions with employees is determined by reference to the fair value of the equity instruments at the date when the grant is made, using an appropriate valuation model. The cost of equity-settled transactions with consultants is determined by the fair value of the services received or receivable by the Group, at the date when the consultants render the services reduced by the cash consideration payable to them. That cost is recognised, together with a corresponding increase in equity, over the period in which the performance and / or service conditions are fulfilled in employee benefits expense or professional expenses for consultancy services. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired, the capital drawn down and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for the period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense or professional expenses under the administrative expense category.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and / or service conditions are satisfied.

**r) Pension and other post-employment benefits**

The Group contracts out to recognised personal pension schemes which are defined contribution pension schemes and are charged to the statement of profit or loss in the same period in which the services have been rendered by the employees.

**s) Taxation**

**Current income tax**

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

**Deferred income tax**

Deferred tax is recognised using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. Temporary differences arise particularly in connection with the tax losses carried forward. Deferred tax assets are recognised for all unutilised tax losses carried forward to the extent that it is probable that taxable profits will be available in future against which the unutilised tax losses can be offset.

**t) Impairment of assets**

**Exploration and evaluation assets**

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

**Notes to the Group financial statements  
for the year ended 31 March 2020**

**Exploration and evaluation assets (continued)**

its recoverable amount. Indications that the carrying amount of the asset may exceed its recoverable amount include:

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

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"); management has assessed its CGUs at the level of block(s). The impairment loss for a CGU is recognised to the extent carrying amount exceeds the recoverable amount, which is the higher of an asset's or CGU's fair value (less costs of disposal) and value in use.

**Property, plant and equipment & other intangible assets**

Property, plant, equipment and other intangible assets are reviewed at each year end. If there is indication based on recoverable amount, impairment is considered in the books of account.

**u) Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is a financial instrument and is measured at fair value with the changes in fair value recognised in the statement of profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the Group's net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit & loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

**v) Changes in accounting policies and new IFRS standards and interpretation**

**Changes in accounting policies**

**New and amended standards and interpretations**

The Group applied IFRS 16 for the first time in the year ended 31 March 2020. The nature and effect of the changes as a result of the adoption of IFRS 16 is described below:

**IFRS 16 Leases**

IFRS 16 'Leases' provides a new model for lessee accounting in which all leases, other than short-term leases and leases of low value, will be accounted for by the recognition on the balance sheet of a right-to-use asset and a lease liability. The subsequent amortisation of the right-to-use asset and the interest expense related to the lease liability will be recognised in profit or loss over the lease term. IFRS 16 replaces IAS 17 'Leases' and IFRIC 4 'Determining whether an arrangement contains a lease'.

**Notes to the Group financial statements  
for the year ended 31 March 2020**

**Impact on Delonex Energy**

The Group adopted IFRS 16 from the first annual reporting period after its applicability i.e. from 1 April 2019 using the modified retrospective method of adoption, and consequently comparative information is not restated. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group has elected not to recognise assets and liabilities relating to short-term leases i.e. leases which are either for periods of less than one year or have less than one year remaining and with no option to extend on the date of adoption, as well as for low-value items which have no material impact on the Group's Financial Statements. Payments associated with the short-term leases and leases of low-value assets will continue to be recognised as an expense on a straight-line basis. Cash flow arising from contracts that are considered to be finance leases are recognised as financing cash flows.

**New IFRS standards and interpretation**

There were new standards and interpretations, with an effective date in current financial year (after 1 April 2019) which were applicable for the first time. Other than the ones noted below and lease policy after recent amendments in IFRS 16, the accounting policies adopted are consistent with those of the previous year.

The IASB and IFRIC have issued the following standards and interpretations, with an effective date after the date of these financial statements, March 31, 2020 which are relevant to the Group and may have impact on the Group now or in the future, as described below:

(IAS / IFRS)	International Accounting Standards	Effective date
IFRS 3	Business Combinations	1 Jan 2020
IAS1 & IAS 8	Presentation of Financial Statements and Accounting Policies, Changes in accounting estimates and errors	1 Jan 2020

**IFRS 3 Business Combinations- Definition of a Business**

IASB issued amendments to the definition of a business in IFRS 3 *Business Combinations* to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

**IAS 1 & IAS 8: Presentation of Financial Statements and Accounting Policies, Changes in accounting estimates and errors- Definition of Material**

IASB issued amendments to IAS 1 and IAS 8 to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.' The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

**4. Critical accounting estimates, assumptions and judgments**

**Share-based payments**

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which B Shares are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model. The determination of the fair value of equity-settled transaction with employees is discussed in note 24.

**Notes to the Group financial statements  
for the year ended 31 March 2020**

**A Preferred shares and interest thereon**

The A preferred shares of the Parent have full voting, dividend and capital distribution rights but they do not confer any rights on redemption. On analysis under IAS 32 (Financial instruments), they fulfil the criteria of equity i.e. (i) no contractual obligation to deliver cash or another financial asset and (ii) they will be settled in equity. Thus A preferred shares will be recognised as equity and measured at the value of cash consideration. Further, the A preferred shares are also entitled to specified interest, compounded quarterly as per the relevant provisions of the Articles of the Company. However, the period of settlement of this liability is not defined and it is within the Parent's control to defer payment of accrued interest. Hence, a financial liability and a charge to the statement of profit or loss is not recognised in the books of accounts for the period ended 31 March 2020.

**Contingent Consideration**

The Group completed the acquisition of UHCL in September 2017 and recognised the contingent consideration payable to United Hydrocarbons International Corporation ("United") for the bonuses and royalties payable on production in the Doba basin blocks and Block H. Contingent consideration is fair valued at each reporting date and any difference in the fair value is recognised in the profit and loss account. The determination of the fair value as at the reporting date is discussed in note 27.

Future cash flows are estimated based on inputs including oil prices, production volumes and operating costs. The discount rate used is based on a risk-free rate adjusted for company specific risks, country specific risks.

**Impairment**

For evaluation and exploration assets, where there are indicators of impairment such as the Group discontinuing further exploration activities in some of these assets, impairment is recognised for an amount equivalent to the carrying value of those assets as at the date of relinquishment or surrender or withdrawal. All the assets were assessed for impairment in accordance with note 3(t).

**5. Operating segments**

The Group has not yet evolved as a fully operational unit and hence it is not possible to identify different operational segments within the Group. The Group's current activities encompass exploration and administration of the Group and hence there is only a single reportable segment covering these activities.

**6. Directors' remuneration**

During the year, the remuneration to the highest paid Director is stated below:

	31 March 2020	31 March 2019
	USD ('000)	USD ('000)
Salaries	772	745
Social security	105	101
Pension	13	13
	<b>890</b>	<b>859</b>
Consultancy charges	210	-
	<b>1,100</b>	<b>859</b>

There is no further remuneration paid to Directors other than the sums stated above. The Group has not given any loans or advances to the Directors. A performance bonus for FY 18-19 was paid subsequent to the approval of the Board granted in FY 19-20. With regards to share based payments, please refer to Note 24 for further details. No B shares have been issued during the year.

**Transactions with key management personnel**

Subscription to A preferred shares: During the year ended 31<sup>st</sup> March 2020, the directors' paid USD 880K as subscription to A preferred shares (FY 18-19 – USD 400K).

**Notes to the Group financial statements  
for the year ended 31 March 2020**
**7. Auditor's remuneration**

The Group paid the following amounts to the Company's auditors or its associates in respect of the audit of the financial statements and for other services provided to the Group.

	31 March 2020	31 March 2019
	USD ('000)	USD ('000)
Audit of Group annual accounts	149	150
Audit of accounts of subsidiaries	62	74
<b>Audit fees</b>	<b>211</b>	<b>224</b>
Taxation advisory services	8	20
Due diligence services	119	-
Professional advisory services	223	-
Other services	87	-
<b>Non-Audit services fees</b>	<b>437</b>	<b>20</b>
<b>Total</b>	<b>648</b>	<b>244</b>

**8. Operating loss before tax**

The operating loss before tax is stated after charging:

	31 March 2020	31 March 2019
	USD ('000)	USD ('000)
Salary & benefits	6,031	6,227
Travel	689	815
IT & subscription expenses	1,694	1,175
Professional fees	3,729	3,190
Opportunity assessment	2,541	1,543
Short-term lease rentals	93	334
Exchange loss	109	(12)
Depreciation	333	108
Amortisation	3	15
Manpower and overhead costs recharges to Oil and Gas assets	(3,742)	(4,204)

**9. Employee and other benefits**

	31 March 2020	31 March 2019
	USD ('000)	USD ('000)
Salary	5,009	5,389
Social security costs	634	574
Pension costs	222	185
Other benefits	166	78
<b>Total</b>	<b>6,031</b>	<b>6,226</b>

**Employee details**

The Group has 61 employees at the end of FY 19-20 (FY 18-19 – 59 employees). The average monthly number of employees during the year is as follows:

	31 March 2020	31 March 2019
	No.	No.
Technical	16	13
Non-technical	52	42

**10. Exploration expenses**

	31 March 2020	31 March 2019
	USD ('000)	USD ('000)
Unsuccessful exploration costs <sup>1</sup>	1,769	15,326
Exploration & Evaluation Assets written off <sup>2</sup>	40,487	-
Other exploration costs <sup>3</sup>	1,362	225
<b>Total</b>	<b>43,618</b>	<b>15,551</b>


**Notes to the Group financial statements  
for the year ended 31 March 2020**

<sup>1</sup> During the year, the Group charged the unsuccessful exploratory drilling costs in Block H, Chad to the statement of profit or loss.

<sup>2</sup> The Group decided not to continue with the next phase of exploration in Block 12A in Kenya as it is not commercially viable. Consequently, exploration and evaluation assets of USD 40,487K was written off in the statement of profit or loss.

<sup>3</sup> The expenditure incurred on settlement agreement for return of inventory (USD 1,100K) has been charged to statement of profit or loss. Further, any administrative expenses incurred during the year on the blocks already relinquished by the Group were also charged to this year's statement of profit or loss.

**11. Other income**

	31 March 2020	31 March 2019
	USD ('000)	USD ('000)
Other income	713	261
Miscellaneous receipts	2,033	-
Change in fair value of contingent consideration (Note 27)	35,790	-
<b>Total</b>	<b>38,536</b>	<b>261</b>

**Notes:**

- Other income represents incentives recognised by Delonex Energy India Private Limited under the Services Export Incentive Scheme (SEIS) of the Indian Government and Delonex Energy UK Limited for Research & Development Credit Scheme by United Kingdom's Govt. (SEIS- USD 3K and R&D- USD 710K) (FY 18-19 SEIS- USD 261K).
- Miscellaneous receipts represent reimbursement (USD 1,661K) received from Africa Oil regarding cost incurred in the POGBV transaction which the Group withdrew from during the year and reversal of an accrual (USD 372K) recognised in trade and other payables last year.
- The Group, on careful consideration of all the data acquired and after undertaking feasibility studies, decided not to develop the Doba basin discoveries in Chad. Consequently, the contingent consideration payable to United Hydrocarbons International Corporation ("United") for the bonuses and royalties on production in the Doba basin blocks have ceased to exist. Accordingly, the reduction in the contingent consideration of USD 22,585K is recognised as income in the statement of profit or loss, in line with the Group Policy.
- Contingent consideration of Block H which has been recognised in the acquisition of UHCL has been fair valued and the difference in the fair value has been recognised as income (USD 13,205K) in the statement of profit or loss account. Refer to Note 27 for more details.

**12. Net Finance Cost**

	31 March 2020	31 March 2019
	USD ('000)	USD ('000)
Interest Income	328	65
Interest on leases	(60)	-
Bank Charges	(17)	(15)
<b>Total</b>	<b>251</b>	<b>50</b>

**13. Income tax**

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax (expense) in the Group statement of profit or loss are:

	31 March 2020	31 March 2019
	USD ('000)	USD ('000)
<b>Income tax</b>		
Current Income Tax expense		
- India (DEIPL) <sup>1</sup>	(56)	(146)
- Kenya (DEKL)	-	(1)
<b>Income tax expense</b>	<b>(56)</b>	<b>(147)</b>

<sup>1</sup>Income tax expense of DEIPL includes movement in deferred tax asset/ (liability) as noted in '13 (b)' below.



**Notes to the Group financial statements  
for the year ended 31 March 2020**

**a) Tax (expense) / credit in the statement of profit or loss**

	31 March 2020	31 March 2019
	USD ('000)	USD ('000)
Loss on ordinary activities before income tax	(66,329)	(24,856)
Tax at standard rate (19%)	12,603	4,723
Effects of:		
Tax losses carried forward for which no deferred tax is recognised	(9,489)	(1,904)
Previous year tax reversal	-	(1)
Effect of different tax rates in various jurisdictions	(3,170)	(2,965)
<b>Total tax expense</b>	<b>(56)</b>	<b>(147)</b>

From 1 April 2020, the standard rate of corporation tax has been reduced to 18%. Delonex Energy Limited and Delonex Energy UK Limited are within the same taxable jurisdiction. A deferred tax asset has been recognised only for DEIPL with the details given below in 13 (b). A deferred tax asset has not been recognised in DEUKL and DEL due to the uncertainty of future profits being available to offset the losses carried forward.

The Group has tax losses of USD 94,968K that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

**b) Deferred tax Assets / (Liabilities) Net**

	31 March 2020	31 March 2019
	USD ('000)	USD ('000)
Tax effect on difference between tax written down value and net book value	1	0
Provision for gratuity	-	20
	<b>1</b>	<b>20</b>

Deferred tax assets represent tax assets of Delonex Energy India Private Limited.

**14. Exploration and evaluation assets**

	31 March 2020	31 March 2019
	USD ('000)	USD ('000)
Net Carrying Amount, beginning of the year	241,562	195,335
Intangible exploration expenditures during the year	62,175	61,553
Impairment on Exploration and evaluations assets	(48,943)	-
Exploration and evaluation assets written off (Note 10)	(40,487)	-
Exploration expenses (Note 10)	(1,769)	(15,326)
<b>Net Carrying Amount, end of the year</b>	<b>212,538</b>	<b>241,562</b>

During the year, the Group continued its exploration efforts in Blocks H, DOC, DOD & LARGEAU III - USD 62,132K and Block 12A - USD 43K.

Exploration cost written off: The Group decided not to continue with the next phase of exploration in Block 12A (USD 40,487K) and hence the cumulative expenditure incurred on the block was written off.

Exploration expenses: Further in Chad, the unsuccessful exploratory drilling costs of two wells (USD 1,769K) were charged to the statement of profit or loss in line with the Group Policy.

Impairment: The impairment charge in the current year relates entirely to the Doba assets (USD 48,493K), which the Group decided not to develop them as they are not commercially viable. In respect of Block H, the carrying value was compared with the recoverable amounts, determined from fair value less cost of disposal methodology. The fair value was determined considering recent transactions in Africa involving exploration & appraisal assets, where the enterprise value was in the \$1 - \$3.5 per bbl range. Accordingly, based on comparable transactions and the stage of exploration & appraisal of Block H, fair value of Block H was determined which was higher than the carrying amount. Hence no impairment charge is being recognised.



# Notes to the Group financial statements for the year ended 31 March 2020

## 15. Property, plant and equipment

### Property, plant and equipment

	Vehicles	Office equipment	Furniture & fixtures	Computer Equipment	Non-Oil & Gas Leasehold	Right-of-use assets <sup>2</sup>	Total
	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)
<b>Cost or valuation</b>							
<b>As at 31 March 2018</b>	119	58	574	562	1	-	1,314
Additions	-	83	374	40	3	-	500
Net assets acquired on acquisition date	-	-	-	-	-	-	-
Disposal / Transfer	-	-	-	-	-	-	-
Foreign currency adjustment	-	(4)	(37)	(31)	-	-	(72)
<b>As at 31 March 2019</b>	119	137	911	571	4	-	1,742
Additions	47	9	243	19	102	1,008	1,428
Disposal/Transfer	-	-	-	-	-	-	-
Foreign currency adjustment	-	(2)	(24)	(26)	(2)	(44)	(98)
<b>As at 31 March 2020</b>	166	144	1,130	564	104	964	3,072
<b>Depreciation and impairment</b>							
<b>As at 31 March 2018</b>	68	39	268	427	1	-	803
Foreign currency adjustment	-	(3)	(16)	(25)	-	-	(44)
Provided during the year	34	20	122	72	-	-	248
<b>As at 31 March 2019</b>	102	56	374	474	1	-	1,007
Foreign currency adjustment	-	(2)	(16)	(22)	-	(5)	(45)
Provided during the year	20	31	209	62	35	271	628
<b>As at 31 March 2020</b>	122	85	567	514	36	266	1,590
<b>Net book value</b>							
<b>As at 31 March 2019</b>	17	81	537	97	3	-	735
<b>As at 31 March 2020</b>	44	59	563	50	68	698	1,482

<sup>1</sup>Depreciation on Chad tangible assets of USD 284K (FY 18-19 USD 120K) has been capitalised as part of exploration and evaluation assets. Depreciation on Ethiopia tangible assets of USD 11K (FY 18-19 USD 21K) has been shown under other exploration cost and accordingly the depreciation charge for the year is reflected as USD 333K in the statement of profit or loss.

<sup>2</sup> Refer note 28 for further details.

**Notes to the Group financial statements  
for the year ended 31 March 2020**
**16. Goodwill**

	31 March 2020	31 March 2019
	USD ('000)	USD ('000)
Goodwill	1,006	1,580
<b>Total</b>	<b>1,006</b>	<b>1,580</b>

The goodwill arose on the acquisition of United Hydrocarbons Chad Ltd ("UHCL") on 22nd September 2017. UHCL holds a 100% interest in the production sharing contract comprising Blocks – H, DOC, DOD and LARGEAU III. The goodwill was allocated to Block H (USD 1,006K) and Doba (USD 574K) respectively, being the lowest level at which goodwill is monitored. The goodwill from the business combination is reviewed for impairment prospectively at each reporting date, or earlier if there are indications of impairment.

**DOBA:** As the Group decided not to develop the Doba basin discoveries as they are not commercially viable, it was concluded that the recoverable amount of Doba basin is NIL. Hence impairment of goodwill (USD 574K) was recognised.

**BLOCK H:** The recoverable amounts of Block H were determined through fair value less cost to sell method and was tested for impairment and as the headroom between the recoverable amount and the carrying amount, including goodwill is positive, no impairment has been recognised.

**17. Intangible assets**

	Capital Work in Progress Amount USD ('000)	Computer Software Amount USD ('000)	Total Amount USD ('000)
<b>Intangible assets</b>			
<b>Cost or valuation</b>			
<b>As at 31 March 2018</b>	-	121	121
Foreign currency translation	-	(6)	(6)
<b>As at 31 March 2019</b>	-	115	115
Additions	14	534	548
Foreign currency translation	-	(6)	(6)
<b>As at 31 March 2020</b>	<b>14</b>	<b>643</b>	<b>657</b>
<b>Depreciation and impairment</b>			
<b>As at 31 March 2018</b>	-	103	103
Amortisation during the year	-	16	16
Foreign currency translation adjustment	-	(4)	(4)
<b>As at 31 March 2019</b>	-	115	115
Amortisation during the year	-	3	3
Foreign currency translation adjustment	-	(4)	(4)
<b>As at 31 March 2020</b>	-	113	113
<b>Net book value</b>			
<b>As at 31 March 2019</b>	-	-	-
<b>As at 31 March 2020</b>	<b>14</b>	<b>530</b>	<b>544</b>

Depreciation on Ethiopia intangible assets amounting to USD 0.3K has been shown under other exploration cost and accordingly amortisation charge for the year is reflected as USD 3K in the statement of profit or loss.



**Notes to the Group financial statements  
for the year ended 31 March 2020**

**18. Trade and other receivables**

Trade and other receivables are classified as follows:

	31 March 2020	31 March 2019
	USD ('000)	USD ('000)
Taxes recoverable	957	303
Accrued interest	39	16
Accrued incentives (RDEC)	-	98
Receivables in joint operations	3	185
Other receivable	-	525
<b>Total</b>	<b>999</b>	<b>1,127</b>

Notes:

1. Taxes recoverable represent direct taxes recoverable USD 176K (P.Y. USD 6K) & indirect taxes recoverable USD 781K (P.Y. USD 297K)
2. Trade and other receivables are generally settled on a short time frame and the Group's other financial assets are due from counterparties without material credit risk concerns, consequently no allowance of expected credit loss has been recognised during the year.

**19. Prepayments**

	31 March 2020	31 March 2019
	USD ('000)	USD ('000)
Security deposit	191	201
Prepaid expenses	241	635
Advance payment to vendors	-	16
Advance to employees	41	25
<b>Total</b>	<b>473</b>	<b>877</b>

**20. Cash & cash equivalents**

	31 March 2020	31 March 2019
	USD ('000)	USD ('000)
Cash at bank and in hand	15,016	15,491
<b>Total</b>	<b>15,016</b>	<b>15,491</b>

**21. Liquid investments**

	31 March 2020	31 March 2019
	USD ('000)	USD ('000)
Bank term deposit	1,071	674
<b>Total</b>	<b>1,071</b>	<b>674</b>

Bank term deposit represents deposits with remaining maturity of more than 3 and less than 12 months.

**22. Financial instruments**

**a) Financial management**

Exploration for oil and gas involves a high degree of risk and the Group is subject to general risk factors pertaining to this business, such as

- (i) volatility of oil and gas prices,
- (ii) uncertainty pertaining to estimated oil and gas reserves,
- (iii) operational risk related to oil and gas exploration
- (iv) access to infrastructure and markets and
- (v) regional and fiscal stability.

Moreover, only a small proportion of sites that are explored are ultimately developed into production.

Further, the Group is exposed to certain types of financial risks. The business activities of the Group involve exposure to credit risk, interest rate risk, liquidity risk and foreign currency risk.

**Notes to the Group financial statements  
for the year ended 31 March 2020**
**b) Fair value of financial assets and liabilities**

The carrying amount of the financial instruments indicated below are approximately equal to the fair value since these instruments have a short term to maturity.

	31 March 2020		31 March 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
	USD ('000)	USD ('000)	USD ('000)	USD ('000)
<b>Assets:</b>				
Trade and other receivables	999	999	1,127	1,127
Cash and cash equivalents	15,016	15,016	15,491	15,491
Liquid investments	1,071	1,071	674	674
	<b>17,086</b>	<b>17,086</b>	<b>17,292</b>	<b>17,292</b>
<b>Liabilities:</b>				
Non-current liability for C Preferred Shares	59	59	62	62
Trade and other payables	6,643	6,643	20,254	20,254
Lease liabilities	658	658	-	-
Provision	-	-	1,276	1,276
	<b>7,360</b>	<b>7,360</b>	<b>21,592</b>	<b>21,592</b>

**c) Credit risk**

Credit risk represents the loss that would be recognised if the counterparties to financial instruments fail to perform as contracted. The Group's maximum exposure to credit risk is limited to the carrying value of financial assets as disclosed in note 22(b) above. The Group trades only with recognised, creditworthy third parties. The sums due as trade and other receivables are in relation to VAT receivables, advances to suppliers given in oil and gas operations and there are no indications that any of the counterparties will not be able to fulfil their liabilities. Cash and cash equivalents are receivables from banks, and the credit risk is assessed to be immaterial. The Group has used the simplified approach as allowed under IFRS 9 to assess the quantum of expected credit losses on the financial assets.

**d) Interest rate risk**

The Group's exposure to interest rate risk at year ended 31 March 2020 is only in relation to bank deposits and any movement in the interest rate will not have a material impact on the Group's cash flow.

**e) Liquidity risk**

Liquidity risk is the risk of being unable to pay financial liabilities as they fall due. With the exception of the financial liability for the C Preferred shares and lease liability (USD 370K), all other financial liabilities are due within one year. There is uncertainty in the Group's future outlook given the prevailing extraordinary volatile macro and commodity price conditions, including emerging impacts of the ongoing Covid 19 pandemic.

**f) Foreign currency risk**

The Parent's functional currency and funding to the Group is in USD. The Group is exposed to currency risk related to its activities because part of the Group expenses are in currencies other than USD and the Group has not entered into any agreements to reduce its exposure. However, the foreign currency risk will have minimal impact on the group as most of its transactions are denominated in USD.

**g) Capital management**

The Group's objective is to maintain a capital structure such that it has appropriate levels of funding to ensure that the Group can meet its cash flow requirements and can support its trading activity. The Group will seek further investments from its investor Group to fund ongoing activity.



**Notes to the Group financial statements  
for the year ended 31 March 2020**

**23. Share capital and share premium**

a) Authorised and fully paid issued capital is as follows:

	31 March 2020	31 March 2020	31 March 2020	31 March 2019	31 March 2019	31 March 2019
	No.	USD ('000)	Share capital	No.	USD ('000)	Share premium
	Number of Shares			Number of Shares		
A Preferred Shares (\$0.01 each)						
Allotted, called-up and fully paid	34,230,800		396	25,468,225	254	254,428
B1 Ordinary Shares (\$0.00001 each)						
Allotted, called-up and fully paid	5,487,311	-	-	5,560,843	-	-
B2 Ordinary Shares (\$0.00001 each)						
Allotted, called-up and fully paid	2,396,249	-	-	2,511,628	-	-
B3 Ordinary Shares (\$0.00001 each)						
Allotted, called-up and fully paid	2,662,501	-	-	2,791,494	-	-
B4 Ordinary Shares (\$0.00001 each)						
Allotted, called-up and fully paid	3,993,747	-	-	4,187,243	-	-
C Preferred Shares (\$0.01 each)						
Allotted, called-up and fully paid	19	-	-	19	-	-
	<b>48,770,627</b>	<b>396</b>	<b>341,912</b>	<b>40,519,452</b>	<b>254</b>	<b>254,428</b>

During the year, 8,768,465 A shares were allotted, and 5,890 A shares were cancelled; refer note 19 for allotment and cancellation of B shares.

**A Preferred Shares :** Each A preferred shareholder is entitled to vote at any general meeting of the Company and has one vote for each A preferred share held by that shareholder. All key decisions affecting the strategy and direction of the Company reside with institutional A Preferred Shareholders. The A preferred shares are not redeemable.  
**B1, B2, B3 and B4 Ordinary Shares:** The shares have attached to them certain voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption. These shares are held by Delonex Nominee Limited on behalf of the employees.

**C Preferred Shares:** The shares do not carry any voting rights; the shares carry dividend and capital distribution (including on winding up) rights; they confer rights of redemption.  
 Note: Other capital reserve represent cancellation of A & B shares as at 31 March 20. Refer note 23 (a) & 24 for cancellation of A & B shares during the year.

**Notes to the Group financial statements  
for the year ended 31 March 2020**
**(c) Other Capital reserve**

	31 March 2020	31 March 2019
Opening balance	41	41
Addition during the year	59	0
Closing balance	<b>100</b>	<b>41</b>

Note: Other capital reserve represent cancellation of A & B shares as at 31 March 20. Refer note 23 (a) & 24 for cancellation of A & B shares during the year

**24. Share based payments**

The Group has issued Ordinary B Shares ('B Shares') in the Parent (Delonex Energy Limited) to certain employees (including senior executives and directors) and consultants to incentivise them for their employment or consultancy services. B Shares are fully paid up shares of face value of USD 0.00001 each, issued at par.

B shares have been issued to both UK and non-UK employees of the Group. In respect of the UK employees, B shares have been issued together with redeemable Preferred C Shares ('C Shares') in the Parent Company, pursuant to HMRC's guidelines on Employee Shareholder Exemption ('ESE'). Each C Share has a fixed value of GBP 2,500 redeemable at the option of the C shareholder at any time prior to an Initial Public Offering (IPO) or a change of control of the Group. 19 C shares have been issued to the end of this period and in Company accounts, the liability is disclosed as a capital contribution from the Parent under equity. Shares have been sub-divided into 4 USD 5, USD 10 and USD 15 respectively. Each category of B Shares will only participate in the equity value of the Group to the extent the share price (equity value) exceeds the respective strike price. The number of B Shares held by a B shareholder that will ultimately be entitled to participate in the equity value of the Group, as specified above, will be based on specific time value and dollar value conditions. In the case of an IPO, B shares will be converted into common shares in the Parent prior to the IPO based on their entitlement to any pre-IPO value of the Group.

B Shares have been accounted for as equity-settled share-based payment transaction in the Group financial statements. In the DEUKL Company accounts, these are disclosed as an expense in the statement of profit or loss and as a capital contribution from the Parent under Equity.

The following table illustrates the number and respective threshold values (strike prices) of, each category of B Shares issued to UK employees during the year:

Class of Shares	Shares outstanding at the start of the year	Issued during the year	Cancelled during the year	Shares outstanding at the end of the year	Strike Price (in USD)
B1	5,560,843	-	73,532	5,487,311	0
B2	2,511,628	-	115,379	2,396,249	5
B3	2,791,494	-	128,993	2,662,501	10
B4	4,187,243	-	193,496	3,993,747	15
<b>Total</b>	<b>15,051,208</b>	<b>-</b>	<b>511,400</b>	<b>14,539,808</b>	

The cost of equity-settled transaction with employees (B shares issued to employees) has been measured by reference to the fair value of B shares at the date of grant.

Although there were no transactions during the year, the cost of equity-settled transaction with consultants (B Shares issued to consultants) are normally measured by reference to the fair value of services received or receivable by the Group, as reduced by cash consideration payable to them. The fair value of services are measured at the date such services are rendered by the consultants by reference to the contracted price.

**25. Retained earnings**

	31 March 2020	31 March 2019
	USD ('000)	USD ('000)
Balance as at the beginning of the period	(118,586)	(93,583)
Total loss for the period	(66,385)	(25,003)
Balance as at the end of the period	<b>(184,971)</b>	<b>(118,586)</b>

**Notes to the Group financial statements  
for the year ended 31 March 2020**

**26. Liability for C preferred shares**

In the case of redeemable preference C shares, where a UK employee exercises his right to a put option for GBP 2,500, a financial Liability arises which will be cash settled. Thus, a financial liability has been recognised accordingly. The Parent Company has to date issued 19 C redeemable preference shares at a redemption value of GBP 2,500 – which has been agreed to by HMRC. This is deemed to be the fair value (Level 3 in the fair value hierarchy) and is equivalent to USD 59K at the year-end exchange rate.

**27. Other non-current financial liabilities**

	31 March 2020	31 March 2019
	USD ('000)	USD ('000)
Other non-current financial liabilities	65,559	101,349
<b>Total</b>	<b>65,559</b>	<b>101,349</b>

The Group completed the acquisition of UHCL in September 2017 and recognised the contingent consideration payable to United Hydrocarbons International Corporation ("United") for the bonuses and royalties payable on production in the Doba basin blocks and Block H. The fair value of the contingent consideration is determined using an estimate of discounted future cash flows and is considered a level 3 valuation under the fair value hierarchy. The discounted future cash flows are determined based on a long-term oil price assumption of USD 55/bbl. The Group, on careful consideration of all the data acquired and after undertaking feasibility studies, decided not to develop the Doba basin discoveries in Chad. Consequently, the contingent consideration payable to United for the bonuses and royalties on production in the Doba basin blocks have ceased to exist and have been reversed in the current period. Further, contingent consideration of Block H has been fair valued and has been recognised at USD 65,559K.

**28. Leases**

This note provides information for leases where the group is a lessee.

**i. Amounts recognised in the balance sheet**

The balance sheet shows the following amounts relating to leases:

<b>Right-of-use assets (Net Book Value)</b>	<b>Amount (USD '000)</b>
As at 01 April 2019	-
Office lease (Cost)	1,008
Office lease (Accumulated Depreciation)	(271)
Forex adjustments	(39)
Net Value as at 31 March 2020 (Note 15)	<b>698</b>
<b>Lease Liabilities</b>	<b>Amount (USD '000)</b>
As at 01 April 2019	-
Additions	1,008
Forex adjustments	(36)
Interest on leases <sup>1</sup>	71
Repayment	(385)
<b>As at 31 March 2020</b>	<b>658</b>
<b>Office Lease-Non-Current</b>	<b>370</b>
<b>Office Lease-Current</b>	<b>288</b>

<sup>1</sup> Outstanding lease liability as at end of 31 March 2020 will be paid within 5 years from the date of financial statements.

<sup>2</sup> Interest on leases in relation to Chad office lease has been capitalised as part of the exploration and evaluation assets (USD 11K)



**Notes to the Group financial statements  
for the year ended 31 March 2020**

**ii. Amounts recognised in the statement of profit or loss**

The statement of profit or loss shows the following amounts relating to leases

Description	Amount (USD '000)
Depreciation - Office lease - Right-of-use assets (net of forex adjustments)	266
Interest on leases	60
Expense related to short term leases (included in administrative expenses)	93

**Notes:**

1. Discount rate used in calculation is 7.19%
2. Practical Expedients: In applying IFRS 16 for the first time the Group has applied the below practical expedients:
  - a) short-term lease practical expedient by not recognising lease liabilities in respect to lease arrangements with a remaining lease term of less than 12 months as at 1 April 2019.
  - b) the use of a single discount rate to a portfolio of leases with reasonably similar characteristics

**iii. The group's leasing activities and how these are accounted for**

The group has leased various offices at different locations. Rental contracts are typically made for fixed periods of time but may have extension options as described below.

**Extension and termination options:** Extension and termination options are included in several property and equipment leases across the group. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations. Most of the extension and termination options held are exercisable only by the group and not by the respective lessor.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security deposits in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of office is recognised on a straight-line basis as an expense in statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less.

**iv. Treatment of Leases on transition:**

The adoption of this new standard has resulted in the Group recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than one year from the date of initial recognition. Payments associated with the short-term leases and leases of low-value assets will continue to be recognised as an expense.

The Group has applied modified retrospective approach permitted by the standard in which the lease asset is measured based on the lease liability with no adjustment to opening retained earnings.

**Notes to the Group financial statements  
for the year ended 31 March 2020**
**v. Reconciliation between lease commitments against lease liabilities recognised**

The following table provides a reconciliation of the operating lease commitment as at 31 March 2019 to the total lease liability recognised on the group balance sheet in accordance with IFRS 16 as at 1 April 2020 with the explanation below:

Description	Amount (USD '000)
Operating Lease Commitment as at 31 March 2019	980
Lease payments relating to renewal period not included in operating lease commitment as at 31 March 2019	147
Effect of discounting	(119)
<b>Total lease liability as at 1 April 2019</b>	<b>1,008</b>

**29. Decommissioning provision**

	31 March 2020	31 March 2019
	USD ('000)	USD ('000)
Opening balance	2,984	2,544
Additions during the year	377	440
Payments during the year	(364)	-
Transfer to current provision	(347)	-
<b>Closing Balance</b>	<b>2,650</b>	<b>2,984</b>

Note: The provision relates to decommissioning of wells in Chad; closing balance are for Doba basin wells and provision for Block H wells are moved to the current category.

**30. Trade and other payables**

Trade and other payables are classified as follows:

	31 March 2020	31 March 2019
	USD ('000)	USD ('000)
Accounts payable	5,706	17,895
Statutory dues	272	834
Payable in Joint Operations	665	1,524
<b>Total</b>	<b>6,643</b>	<b>20,253</b>

Statutory dues include the social security cost and withholding taxes to be deposited to the respective government.

**31. Provisions**

	31 March 2020	31 March 2019
	USD ('000)	USD ('000)
Provisions for bonus	-	1,178
Provision for decommissioning liability (Refer note 29)	347	-
Provision for environmental restoration	-	98
<b>Total</b>	<b>347</b>	<b>1,276</b>

Management has decided not to provide for Bonus for FY 19-20. Performance bonus for FY 18-19 was paid subsequent to the approval of the Board granted in FY 19-20.

**32. Capital commitments and contingencies**

(i) Capital commitments	31 March 2020	31 March 2019
	USD ('000)	USD ('000)
Block- H, DOC, DOD & LARGEAU III	5,000	5,000
<b>Total</b>	<b>5,000</b>	<b>5,000</b>

The Group exercised its right for extension to the Exclusive Exploration Authorisation (EEA) renewal period for a further 2 years till June 2022 and shall carry out a further minimum work obligation of USD 5,000K during the extension period. Considering impact of Covid-19, Force Majeure notice was issued to Government of Chad (GoC) on April 9, 2020 and acknowledged by GoC on April 28, 2020.

**Notes to the Group financial statements  
for the year ended 31 March 2020**

(ii) Contingencies	31 March 2020	31 March 2019
	USD ('000)	USD ('000)
Development Commitments	-	35,000
Community investment	5,000	5,000
<b>Total</b>	<b>5,000</b>	<b>40,000</b>

Blocks - H, DOC, DOD & LARGEAU : Based on the feasibility studies undertaken, the Group decided not to develop DOC & DOD discoveries as it is not commercially viable and there shall be no further commitment of USD 35,000K for development in Doba as per the share purchase agreement signed with United. The Group has given an indication that over the life of the programme, it anticipates it will invest up to USD 5,000K into community investment programmes. During the extension period, the Group shall also assess community requirements and based on the findings shall put in place further community investment programme.

**33. Interest in Oil & Gas Blocks**

The Group has following interest in oil and gas blocks.

Country	Block	Phase	Operator	Mar'20	Mar'19
Chad	Blocks - H, DOC, DOD & LARGEAUIII	Exploration	Operator	100%	100%
Kenya	Block 12A	Exploration	Operator	100%	60%

Effective 1st June 2019, Tullow has exited from Kenya Block 12A leaving Delonex as sole participant. Delonex has decided not to continue in Block 12-A post its expiration period, 31<sup>st</sup> May 2020.

**34. Subsidiaries companies exempt from audit by virtue of section 479A**

The following subsidiaries companies of Delonex Energy Limited are exempt from audit of individual accounts for the financial year. Delonex Energy Limited (Parent undertaking) will also issue Parent Company Guarantee per section 479C of Companies act, 2006.

Subsidiaries under direct control	Subsidiaries under indirect control
Delonex Energy Holdings Limited	Delonex Energy Ethiopia Limited
Delonex Kenya Holdings (One) Limited	Delonex Kenya (One) Limited
Delonex Ethiopia Holdings (Two) Limited	DEE (Rift Exploration) Limited
Delonex Chad Holdings (One) Limited	Delonex Chad (One) Limited
Delonex Mozambique Holdings (one) Limited	
Delonex Nigeria Holdings (One) Limited	



**Notes to the Group financial statements  
for the year ended 31 March 2020**

**35. Related party disclosures**

**a) Equity interests**

The consolidated financial statements include the financial statements of the Company and the subsidiaries listed in the following table:

Subsidiary Information	No. of Shares	Registered office	Type	Rate/share	% of share holding
Delonex Energy India Private Limited	3,794,289	Unit No. 216, C2 District Centre, Saket, New Delhi-110017 India	Equity Share	INR 10	99.95%
Delonex Energy UK Limited	1,257,983	Almack House, 28 King Street London SW1Y 6QW United Kingdom	Equity Shares	GBP 1	100.00%
Delonex Energy Kenya Limited	1,000	L.R No 1870/1/176 ALN House, Eldama Ravine Close, Off Eldama Ravine Road, Nairobi-764 00606 Kenya	Equity Shares	KSHS 100	100.00%
Delonex Energy Nominee Limited	1	Almack House, 28 King Street London SW1Y 6QW United Kingdom	Equity Shares	GBP 1	100.00%
Delonex Energy Holdings Limited	13,879,336	Almack House, 28 King Street London SW1Y 6QW United Kingdom	Equity Share	UDS 1.57	100.00%
Delonex Kenya Holdings (One) Limited	42,424,429	Almack House, 28 King Street London SW1Y 6QW United Kingdom	Equity Share	USD 1	100.00%
Delonex Ethiopia Holdings (Two) Limited	6,913,984	Almack House, 28 King Street London SW1Y 6QW United Kingdom	Equity Share	USD 1	100.00%
Delonex Mozambique Holdings (One) Limited	1	Almack House, 28 King Street London SW1Y 6QW United Kingdom	Equity Share	USD 1	100.00%
Delonex Chad Holdings (One) Limited	172,106,458	Almack House, 28 King Street London SW1Y 6QW United Kingdom	Equity Share	USD 1	100.00%
Delonex Nigeria Holdings (One) Limited	1,001	Almack House, 28 King Street London SW1Y 6QW United Kingdom	Equity Share	USD 1	100.00%

During the year, investment additions in subsidiaries Delonex Energy Holdings Limited (USD 155K), Delonex Kenya Holdings (One) Limited (USD 1.635K), Delonex Chad Holdings (One) Limited (USD 79,495K) and Delonex Energy Holdings (Two) Limited (USD 16K) represents funds transferred to subsidiaries for Oil and Gas operations. Investment in subsidiary, Delonex Chad Holdings (One) Limited (USD 850K) represent advance against equity issued to Company.

**b) Company's ownership above 5% share capital:**

Shareholder's Information	No. of Shares	Type	Rate/ share	% of share holding
Bharti Global Ltd.	13,720,000	A Preferred Shares	USD 10	40.00%
Warburg Pincus Private Equity XI, L.P.	12,911,198	A Preferred Shares	USD 10	37.64%
International Finance Corporation	3,430,000	A Preferred Shares	USD 10	10.00%
Warburg Pincus Private Equity XI-B, L.P.	2,342,519	A Preferred Shares	USD 10	6.83%



# Notes to the Group financial statements for the year ended 31 March 2020

## c) Intercompany transactions during the year:

Particulars	The Company	UK - DEUKL	India - DEIPL	Kenya - DEKL	UHL Bermuda	Delonex Kenya (One) Limited	Chad- One	Chad- Holding	Kenya- Holding One	DEHL	DEEL	DEEL PPSA	31 March 2020
		USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)
Sales of Services	-	(8,673)	(1,273)	(225)	-	-	-	-	-	-	-	-	(10,171)
Professional Fees	10,171	-	-	-	-	-	-	-	-	-	-	-	10,171
Cost allocated for IT expenses	-	(21)	21	-	-	-	-	-	-	-	-	-	-
Manpower cost transferred from Group Companies	(440)	(3,099)	68	(198)	3,617	52	-	-	-	-	-	-	-
Overhead Recovery	-	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursement of Expenses	(501)	(3,487)	(20)	-	4,182	148	(322)	-	-	-	-	-	-

## d) Intercompany transactions during the previous year:

Particulars	The Company	UK - DEUKL	India - DEIPL	Kenya - DEKL	UHL Bermuda	Delonex Kenya (One) Limited	Chad- One	Chad- Holding	Kenya- Holding One	DEHL	DEEL	DEEL PPSA	31 March 2019
		USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)	USD ('000)
Sales of Services	-	(8,711)	(1,583)	(205)	-	-	-	-	-	-	-	-	(10,499)
Professional Fees	10,499	-	-	-	-	-	-	-	-	-	-	-	10,499
Cost allocated for IT expenses	-	(28)	28	-	-	-	-	-	-	-	-	-	-
Manpower from Group Co's	(492)	(2,942)	-	(273)	3,339	369	-	-	-	-	-	-	-
Overhead Recovery	(150)	-	-	-	-	150	-	-	-	-	-	-	-
Reimbursement of Expenses	3	(797)	-	-	775	95	(55)	2	2	0.187	0.187	(24)	-

## e) Transactions with key management personnel

Subscription to A preferred shares: During the year ended 31 March 2020, the directors' paid USD 880K as subscription to A preferred shares (FY 18-19 - USD 440K).



**Notes to the Group financial statements  
for the year ended 31 March 2020**

**f) Compensation of key management personnel (see note 6)**

IAS 24 defines key management personnel as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The key management compensation is listed in the following table:

	31 March 2020	31 March 2019
	USD ('000)	USD ('000)
Salaries	772	745
Social security	105	101
Pension	13	13
	<b>890</b>	<b>859</b>
Consultancy charges	210	-
	<b>1,100</b>	<b>859</b>

Note: No outstanding balance as at 31 March 2020 to directors', except for consultancy charges of USD 35K.

**g) The ultimate Parent**

Delonex Energy Limited is the ultimate Parent entity of the Group.

**36. Events after the reporting period**

The combination of the coronavirus pandemic and record low oil prices has had material negative impact on Delonex. In April 2020, Directors decided to restructure its business to reduce costs to enable the business to weather the downturn, protect its assets and provide optionality for future activities. The restructuring has a significant impact in the way the business will operate in the short-term. The Group performed several actions to communicate the restructuring process to the employees and have assessed which operational, consultancy and administrative contracts needed to be renewed or terminated.

In Chad, Force Majeure notice was issued to the Government of Chad (GoC) on April 9, 2020 and acknowledged by GoC on April 28, 2020. Due to the uncertainties imposed by the pandemic on the timing of Phase 2 drilling, the Group will re-assess its plans post response from the GoC. Consequently, in April 2020 the Group decided to restructure its business by announcing redundancies of employees across the entities to reduce costs to enable the business to weather the downturn, protect its assets and provide optionality for future activities. In Kenya, having completed the minimum work program, Delonex did not see sufficient technical and commercial prospectivity to proceed to the Second Additional Exploration Period and has initiated relinquishment of the license upon expiry of the first additional exploration period on 1st June 2020.



**DELONEX ENERGY LIMITED**

**STANDALONE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 March 2020**



**Company statement of profit or loss  
for the year ended 31 March 2020**

		31 March 2020	31 March 2019
	Notes	USD ('000)	USD ('000)
Cost of sales	5	(9,732)	(9,708)
<b>Gross Loss</b>		<b>(9,732)</b>	<b>(9,708)</b>
Administrative expenses		(671)	(361)
Loss on impairment of investments	10	(40,490)	(819)
<b>Operating Loss</b>		<b>(50,893)</b>	<b>(10,888)</b>
Finance income	11	258	-
<b>Loss before tax</b>		<b>(50,635)</b>	<b>(10,888)</b>
Income tax expense	12	-	-
<b>Loss for the period</b>		<b>(50,635)</b>	<b>(10,888)</b>

The notes on pages 44 to 55 form an integral part of these financial statements.

**Company statement of comprehensive income  
for the year ended 31 March 2020**

	31 March 2020	31 March 2019
	USD ('000)	USD ('000)
<b>Loss for the period</b>	<b>(50,635)</b>	<b>(10,888)</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the period</b>	<b>(50,635)</b>	<b>(10,888)</b>

The notes on pages 44 to 55 form an integral part of these financial statements.



**Company statement of financial position**  
**As at 31 March 2020**

		<b>31 March 2020</b>	<b>31 March 2019</b>
	<b>Notes</b>	<b>USD ('000)</b>	<b>USD ('000)</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	13	173,257	132,445
		<b>173,257</b>	<b>132,445</b>
<b>Current assets</b>			
Trade and other receivables	14	140	3,558
Cash & cash equivalents	15	13,814	13,965
		<b>13,954</b>	<b>17,523</b>
<b>Total assets</b>		<b>187,211</b>	<b>149,968</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	17	396	254
Share premium	17	341,912	254,428
Advance against equity		-	50
Other capital reserve	18	100	41
Retained earnings	20	(155,660)	(105,025)
<b>Total equity</b>		<b>186,748</b>	<b>149,748</b>
<b>Non-current liabilities</b>			
Liability for C Preferred Shares	21	59	62
		<b>59</b>	<b>62</b>
<b>Current liabilities</b>			
Trade and other payables	22	404	158
		<b>404</b>	<b>158</b>
<b>Total liabilities</b>		<b>463</b>	<b>220</b>
<b>Total equity and liabilities</b>		<b>187,211</b>	<b>149,968</b>

The notes on pages 44 to 55 form an integral part of these financial statements.

The financial statements was signed on behalf of the Board by.



**Mark Crawley – Director**  
18<sup>th</sup> August 2020



**Company statement of changes in equity  
for the year ended 31 March 2020**

	A	Share Premium	Advance against equity	B1 ordinary shares	B2 ordinary shares	B3 ordinary shares	B4 ordinary shares	C preferred shares	Other capital reserve	Retained earnings	Total equity
	preferred shares										USD ('000)
<b>As at 31 March 2018</b>	214	214,566	-	-	-	-	-	-	41	(94,136)	120,685
Loss for the year	-	-	-	-	-	-	-	-	-	(10,889)	(10,889)
Issue of share capital	40	39,862	50	-	-	-	-	-	-	-	39,952
Reduction of share capital	-	-	-	-	-	-	-	-	0	-	-
<b>As at 31 March 2019</b>	254	254,428	50	-	-	-	-	-	41	(105,025)	149,748
Loss for the year	-	-	-	-	-	-	-	-	-	(50,635)	(50,635)
Issue of share capital	142	87,543	(50)	-	-	-	-	-	-	-	87,635
Reduction of share capital	-	(59)	-	-	-	-	-	-	59	-	-
<b>As at 31 March 2020</b>	396	341,912	-	-	-	-	-	-	100	(155,660)	186,748

The notes on pages 44 to 55 form an integral part of these financial statement.

**Company statement of cash flows  
for the year ended 31 March 2020**

		<b>31 March 2020</b>	<b>31 March 2019</b>
	<b>Notes</b>	<b>USD ('000)</b>	<b>USD ('000)</b>
<b>Cash flow from Operating activities</b>			
Loss before tax		(50,635)	(10,889)
<b>Adjustments</b>			
Amortisation of intangible asset		-	6
Interest income	11	(258)	-
Loss on impairment of investments	10	40,490	819
<b>Working capital adjustments:</b>			
Decrease/(Increase) in trade, other receivables and prepayments		3,418	(3,467)
Increase/(Decrease) in trade and other payables		246	(816)
Decrease in non-current liability		(3)	(5)
<b>Net cash flows used from operating activities</b>		<b>(6,742)</b>	<b>(14,352)</b>
<b>Investing activities</b>			
Investments in subsidiary companies	13	(81,302)	(43,041)
Interest income received	11	258	-
<b>Net cash flows used in investing activities</b>		<b>(81,044)</b>	<b>(43,041)</b>
<b>Financing activities</b>			
Issue of share capital		87,576	39,952
Advance against equity		59	-
<b>Net cash inflow from financing activities</b>		<b>87,635</b>	<b>39,952</b>
Decrease in cash and cash equivalents		(151)	(17,441)
Cash and cash equivalents at 01 April 2019		<b>13,965</b>	<b>31,406</b>
<b>Cash and cash equivalents at 31 March 2020</b>	15	<b>13,814</b>	<b>13,965</b>

The notes on pages 44 to 55 form an integral part of these financial statements.



**Notes to the Company financial statements  
for the year ended 31 March 2020**

**1 Corporate information**

Delonex Energy Limited (the 'Company') is principally a holding Company for the Delonex Group, which comprises the Company and all of its subsidiaries (collectively the 'Group'). The Company is set up by a Group of investors led by Warburg Pincus LLC, a leading US based private equity firm and is incorporated and domiciled as a limited Company in England and Wales. The Company's principal activities is of exploration, exploitation and development of oil and natural gas fields in sub-saharan Africa. The Group financial statements of Delonex Energy Limited for the period ended 31 March 2020 were authorised for issue in accordance with the resolution of the Directors on 18<sup>th</sup> August 2020.

**2 Basis of preparation**

The separate financial statements of the Company for the year ended 31 March 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The separate financial statements have been prepared on a historical cost convention except for financial instruments that have been measured at fair value.

To assess the appropriate basis of preparation, the Company prepared a cash flow forecast which considered reduced costs in the future following the implementation of an organizational restructuring between April and June 2020 and material cost reductions on the basis that no further drilling activity will be performed in the next 12 months. In the forecast, the Company assumed that its underlying operations will be limited to compliance and regulatory activities. With this, the Company has financial resources with sufficient headroom on the basis of the cash in hand and guaranteed cash recoveries of amounts due to the Company to meet its committed obligations over the next 12 months. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements. However, the Directors recognise the inherent uncertainty in the Company's future outlook given the prevailing extraordinary volatile macro and commodity price conditions, including emerging impacts of the ongoing Covid-19 pandemic, and that the possibility of unexpected downside outcomes remains which create a material uncertainty on the funding of the exploration program in Chad and the Company's ability to continue as a going concern.

**3 Summary of significant accounting policies**

**a) Investment in subsidiaries**

Investments in subsidiaries are held at cost less accumulated impairment losses. Investments in subsidiaries, are stated at cost and reviewed for impairment if there are indications that the carrying value may not be recoverable.

**b) Revenue recognition**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The specific recognition criteria described below must also be met before revenue is recognised.

**Dividends**

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

**Interest**

Interest income is accrued on a time basis at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

**c) Foreign currency translations**

The Company's separate financial statements are presented in USD, which is also the Company's functional currency.

**Transactions and balances**

Transactions in foreign currencies are initially recorded by the Company at its respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

**Notes to the Company financial statements  
for the year ended 31 March 2020**

**d) Current versus non-current classification**

The Company presents assets and liabilities in statement of financial position based on current / non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in a normal operating cycle
- expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability, for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in a normal operating cycle
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

**e) Intangible assets**

Intangible assets are initially recognised at cost and subsequently carried net of accumulated amortisation and accumulated impairment losses, if any. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Intangible assets for the Company comprises only computer software costs, which is amortised on a straight-line method over a period of 36 months.

**f) Financial instruments**

**Financial assets**

Financial assets are recognised initially at fair value, normally being the transaction price.

The financial assets of the Company include trade and other receivables and cash and cash equivalent. These are categorised as loans and receivables. These assets are initially recognised at fair value and are subsequently measured at amortised cost less an allowance for uncollectable amounts.

**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 Group after deducting all of its liabilities. Financial liabilities for the Group include trade and other payables and provisions which are recognised at fair value and subsequently measured at amortised cost.

**g) Trade and other receivables**

Trade and other receivables, including receivables from related parties, are initially recognised at fair value and subsequently measured at amortised cost less an allowance for uncollectable amounts. Collectability and impairment are assessed on a regular basis.

**h) Cash and cash Equivalents**

Cash and cash equivalents comprise at bank balances, cash in hand and short term deposits with original maturity of less than three months.

**i) Trade and other payables**

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method. All transactions are recognised on their transaction date.

**Notes to the Company financial statements  
for the year ended 31 March 2020**

**j) Provisions and contingencies**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement. A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events or where the amount of obligation cannot be measured reliably except where the contingent liability results as part of a business combination. The Company does not have any material contingent liability as of the reporting date.

**k) Leases**

**Accounting policy applicable prior to 1 April 2019**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement

**Company as a lessee**

Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Company, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. The Company does not have any finance leases during the reporting period. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

**Accounting policy applicable from 1 April 2019**

The Company assesses at contract inception all arrangements to determine whether it is or contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company is not a lessor in any transactions, it is only a lessee.

**Right-of-use assets**

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

**Lease liabilities**

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using Group's incremental borrowing rate because the interest rate implicit in the lease is generally not determinable. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

**Notes to the Company financial statements  
for the year ended 31 March 2020**

**Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases i.e. leases which are for periods of less than one year and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of low-value items which have no material impact on the Company's Financial Statements. Payments associated with the short-term leases and leases of low-value assets will continue to be recognised as an expense on a straight-line basis.

Company doesn't have any Right of use assets as at year end.

**l) Pension and other post-employment benefits**

Employees (including senior executives and directors) and certain consultants of the Group receive remuneration in the form of share-based payments, whereby employees and consultants render services as consideration for equity instruments (equity-settled transactions).

**Equity-settled transactions**

The cost of equity-settled transactions with employees is determined by reference to the fair value of the equity instruments at the date when the grant is made, using an appropriate valuation model. The cost of equity-settled transactions with consultants is determined by the fair value of the services received or receivable by the Group, at the date when the consultants render the services reduced by the cash consideration payable to them. That cost is recognised, together with a corresponding increase in equity, over the period in which the performance and / or service conditions are fulfilled in employee benefits expense or professional expenses for consultancy services. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired, the capital drawn down and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for the period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense or professional expenses under the administrative expense category.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and / or service conditions are satisfied.

**m) Pension and other post-employment benefits**

The Company do not have any employees as at 31st March 2020.

**n) Taxation**

**Current income tax**

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

**Deferred income tax**

Deferred tax is recognised using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. Temporary differences arise particularly in connection with the tax losses carried forward. Deferred tax assets are recognised for all unutilised tax losses carried forward to the extent that it is probable that taxable profits will be available in future against which the unutilised tax losses can be offset.

**o) Changes in accounting policies and new IFRS standards and interpretation**

**New IFRS standards and interpretation**

There were new standards and interpretations, with an effective date in current financial year (after 1 April 2019) which were applicable for the first time. Other than the accounting policy on leases, the accounting policies adopted are consistent with those of the previous year.

**Notes to the Company financial statements  
for the year ended 31 March 2020**

**New IFRS standards and interpretation (continued)**

The IASB and IFRIC have issued the following standards and interpretations, with an effective date after the date of these financial statements, March 31, 2020 which are relevant to the Group and may have impact on the Group now or in the future, as described below:

(IAS / IFRS)	International Accounting Standards	(Effective date)
IFRS 3	Business Combinations	1 Jan 2020
IAS1 & IAS 8	Presentation of Financial Statements and Accounting Policies, Changes in accounting estimates and errors	1 Jan 2020

**IFRS 3 Business Combinations- Definition of a Business**

IASB issued amendments to the definition of a business in IFRS 3 *Business Combinations* to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

**IAS 1 & IAS 8: Presentation of Financial Statements and Accounting Policies, Changes in accounting estimates and errors- Definition of Material**

IASB issued amendments to IAS 1 and IAS 8 to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

**4 Critical accounting estimates, assumptions and judgments**

**A Preferred shares and interest thereon**

The A preferred shares of the Company have full voting, dividend and capital distribution rights but they do not confer any rights on redemption. On analysis under IAS 32 (Financial instruments), they fulfil the criteria of equity i.e. (i) no contractual obligation to deliver cash or another financial asset and (ii) they will be settled in equity. Thus, A preferred shares will be recognised as equity and measured at the value of cash consideration. Further, the A preferred shares are also entitled to specified interest, compounded quarterly as per the relevant provisions of the Articles of the Company. However, the period of settlement of this liability is not defined and it is within the parent's control to defer payment of accrued interest. Hence financial liability and charge to the statement of profit or loss is not recognised in the books of accounts for the year ended 31 March 2020.

**Loss on Impairment-Investments**

During the year company tested its investments in subsidiaries for impairment. Consequently, except for the investment in Delonex Energy Holdings Limited and Delonex Ethiopia Holdings (Two) Limited for impairment as the net asset of these subsidiaries has eroded in comparison to the carrying value of the investment, no other entity has any impairment indicators as at 31 March 2020.

**5 Cost of sales**

The Company has entered into service agreement with its subsidiaries whereby the Company is entitled to receive various services such as consultancy and planning services including strategic and operational management services, evaluation of business development opportunities and services of producing financial information and providing advice and assistance on financial issues.

	31 March 2020	31 March 2019
	USD ('000)	USD ('000)
Consultancy Fees - Indian entity	1,273	1,583
Consultancy Fees - UK entity	8,675	8,710
Consultancy Fees - Kenya entity	224	206
Annual overhead recovery	(440)	(791)
<b>Total</b>	<b>9,732</b>	<b>9,708</b>



**Notes to the Company financial statements  
for the year ended 31 March 2020**

**6 Director's remuneration**

No remuneration has been paid to the Directors for the services rendered for the Company.

**7 Employee benefits**

The Company does not have any employees.

**8 Auditor's remuneration**

Please refer to note 7 of Group financial statements.

**9 Operating loss before tax**

The operating loss before tax is stated after charging:

	31 March 2020	31 March 2019
	USD ('000)	USD ('000)
Legal & professional fees	383	68
Meeting expenses	28	48
Travelling expenses	101	93
Foreign exchange (gain)/loss	3	(7)

**10 Loss on Impairment - Investments**

	31 March 2020	31 March 2019
	USD ('000)	USD ('000)
Loss on Impairment	40,490	819
	<b>40,490</b>	<b>819</b>

The Company regularly reviews Investments in subsidiaries for impairment indicators. The Company has decided to relinquish its interest in exploration Block 12A at the expiry of the exploration period in May 2020. The Provision for impairment USD 40,320K relates to a reduction in value of the investment in step down subsidiaries engaged in the oil and gas business as the company has withdrawn from the blocks based on commercial decisions. The Company has also tested its investment in Delonex Energy Holdings Limited and Delonex Ethiopia Holdings (Two) Limited for impairment as the net asset of these subsidiaries has eroded in comparison to the carrying value of the investment. The Company has taken an impairment of USD 155K in Delonex Energy Holdings Limited and USD 15K in Delonex Ethiopia Holdings (Two) Limited.

**11 Finance income**

	31 March 2020	31 March 2019
	USD ('000)	USD ('000)
Interest on fixed deposits	258	-
	<b>258</b>	<b>-</b>

**12 Income tax**

**Analysis of tax expense**

No liability to Delonex Energy Limited arose on corporation tax on ordinary activities for the year.

**Factors affecting the tax expense**

Factors affecting the tax expense is explained below:

	31 March 2020	31 March 2019
	USD ('000)	USD ('000)
Loss on ordinary activities before income tax	(50,635)	(10,889)
Loss on ordinary activities		
Multiplied by the standard rate of UK corporation tax at 19%	(9,620)	(2,069)
Effects of:		
Tax losses carried forward	9,620	2,069

A deferred tax asset has not been recognised due to the uncertainty of future profits being available to offset the losses carried forward. The Company has tax losses of USD 62,013K as at 31 March 2019.



**Notes to the Company financial statements  
for the year ended 31 March 2020**

**13 Investments**

Carrying value of investment in unquoted ordinary shares of:

Name of subsidiary	Country of Incorporation	No. of Shares held by the Company	Rate/ share	% of share holding	In USD ('000)	
					2019-20 Carrying Value as at the investment date	2018-19 Carrying Value as at the investment date
Delonex Energy India Private Limited	India	3,794,289	INR 10	99.99%	45	45
Delonex Energy UK Limited	England and Wales	2,257,983	GBP 1	100.00%	175	175
Delonex Energy Kenya Limited	Kenya	1,000	KSHS 100	100.00%	1	1
Delonex Energy Nominee Limited	England and Wales	1	GBP 1	100.00%	0.002	0.002
Delonex Energy Holdings Limited	England and Wales	13,879,336	USD 1.57	100.00%	21,791	21,636
Delonex Kenya Holdings (One) Limited	England and Wales	42,424,429	USD 1	100.00%	42,424	40,789
Delonex Ethiopia Holdings (Two) Limited	England and Wales	6,913,984	USD 1	100.00%	6,914	6,898
Delonex Mozambique Holdings (one) Limited	England and Wales	0.001	USD 1	100.00%	0.001	0.001
Delonex Chad Holdings (One) Limited	England and Wales	172,106,458	USD 1	100.00%	172,956	93,461
Delonex Nigeria Holdings (One) Limited	England and Wales	1001	USD 1	100.00%	1	0
C Preferred Shares					78	78
<b>Total investments</b>					<b>244,385</b>	<b>163,083</b>
<b>Provision for impairment</b>						
Opening					(30,638)	(29,819)
Additions during the year					(40,490)	(819)
<b>Closing</b>					<b>(71,128)</b>	<b>(30,638)</b>
<b>Net Investment at year end</b>					<b>173,257</b>	<b>132,445</b>

As at the reporting date, investments are recognised based on the cost of investments acquired as at the investment date for DEUKL and DEIPL and for the other investments, these are recognised at the carrying value of those investments. Furthermore, in the case of redeemable preference C shares, where an UK employee exercises their right to a put option for £ 2,500, a financial liability arises which should be cash settled. Hence the financial liability has been recognised in the Parent Company and investments have been adjusted accordingly for USD 59K. For further details, please refer to notes 18 and note 22.

During the year, investment additions in subsidiaries Delonex Energy Holdings Limited (USD 155K), Delonex Kenya Holdings (One) Limited (USD 1,635K), Delonex Chad Holdings (One) Limited (USD 79,497K) and Delonex Energy Holdings (Two) Limited (USD 15K) represents funds transferred to subsidiaries for Oil and Gas operations. Investment in subsidiary, Delonex Chad Holdings (One) Limited (USD 850K) represent advance against equity issued to Company.

The Company regularly reviews Investments in subsidiaries for impairment indicators. As the Company has decided to relinquish its interest in exploration Block 12A at the expiry of the exploration period in May 2020, a provision for impairment of USD 40,320K have been recognised. Further, the Company has recognised impairment of USD 155K in Delonex Energy Holdings Limited and USD 15K in Delonex Ethiopia Holdings (Two) Limited.

**Notes to the Company financial statements  
for the year ended 31 March 2020**
**14 Trade and other receivables**

Trade and other receivables may broadly be classified as follows:

	31 March 2020	31 March 2019
	USD ('000)	USD ('000)
Amount owed by subsidiaries	115	3,540
Taxes recoverable	19	2
Prepaid expenses	6	16
<b>Total</b>	<b>140</b>	<b>3,558</b>

Trade and other receivables are generally settled on a short time frame and the Group's other financial assets are due from counterparties without material credit risk concerns, consequently no allowance of expected credit loss has been recognised during the year.

**15 Cash & cash equivalents**

	31 March 2020	31 March 2019
	USD ('000)	USD ('000)
Cash at bank and in hand	13,814	13,965
<b>Total</b>	<b>13,814</b>	<b>13,965</b>

**16 Financial instruments**
**a) Financial management**

Exploration for oil and gas involves a high degree of risk and the Company is subject to the general risk factors pertaining to this business, such as

- (i) volatility of oil and gas prices,
- (ii) uncertainty pertaining to estimated oil and gas reserves,
- (iii) operational risk related to oil and gas exploration
- (iv) access to infrastructure and markets and
- (v) regional and fiscal stability.

Moreover, only a small proportion of sites that are explored are ultimately developed into production.

Further, the Company is exposed to certain types of financial risks. The business activities of the Company involve exposure to credit risk, interest rate risk, liquidity risk and foreign currency risk.

**b) Fair value of financial assets and liabilities**

The carrying amount of the financial instruments indicated below are approximately equal to the fair value since these instruments have a short term to maturity.

	31 March 2020		31 March 2019	
	Carrying amount	Fair Value	Carrying amount	Fair value
	USD ('000)	USD ('000)	USD ('000)	USD ('000)
<b>Assets:</b>				
Trade and other receivables	140	140	3,558	3,558
Cash at bank and in hand	13,814	13,814	13,965	13,965
	<b>13,954</b>	<b>13,954</b>	<b>17,523</b>	<b>17,523</b>
<b>Liabilities:</b>				
Non-current liability for C Preferred Shares	59	59	62	62
Trade and other payables	404	404	158	158
	<b>463</b>	<b>463</b>	<b>220</b>	<b>220</b>



**Notes to the Company financial statements  
for the year ended 31 March 2020**

**c) Credit risk**

Credit risk represents the loss that would be recognised if the counterparties to financial instruments fail to perform as contracted. The Company's maximum exposure to credit risk is limited to the carrying value of financial assets as disclosed in note 17 (b) above. The Company trades only with recognised, creditworthy third parties and with Delonex Group. The sums due as trade and other receivables are in relation to VAT receivables and – receivable from Delonex Group and there are no expectations that any of the counterparties will not be able to fulfil their liabilities. Cash and cash equivalents are receivables from banks, and the credit risk is assessed to be immaterial.

**d) Interest rate risk**

The Company's exposure to interest rate risk at year ended 31 March 2020 is only in relation to bank deposits and any movement in the interest rate will not have a material impact on the Company's cash flow.

**e) Liquidity risk**

Liquidity risk is the risk of being unable to pay financial liabilities as they fall due. With the exception of the financial liability for the C Preferred shares, all other financial liabilities are due within one year. There is uncertainty in the Company's future outlook given the prevailing extraordinary volatile macro and commodity price conditions, including emerging impacts of the ongoing Covid 19 pandemic.

**f) Foreign currency risk**

The Parent's functional currency and funding to the Company is in USD. The Company is exposed to currency risk related to its activities because part of the Company expenses are in currencies other than USD and the Company has not entered into any agreements to reduce its exposure. However the foreign currency risk will have minimal impact.

**g) Capital management**

The Company's objective is to maintain a capital structure such that it has appropriate levels of funding to ensure that the Company can meet its cash flow requirements and can support its trading activity. The Company will seek further investments from its investor Group to fund ongoing activity.



**Notes to the Company financial statements  
for the year ended 31 March 2020**

**17 Share capital and share premium**  
**a) Authorised and fully paid issued capital is as follows:**

	31 March 2020	31 March 2020	31 March 2020	31 March 2019	31 March 2019
	No.	USD ('000)	USD ('000)	USD ('000)	USD ('000)
A Preferred Shares (\$0.01 each)					
Allotted, called-up and fully paid	34,230,800	396	341,912	254	254,428
B1 Ordinary Shares (\$0.00001 each)					
Allotted, called-up and fully paid	5,487,311	0	-	0	-
B2 Ordinary Shares (\$0.00001 each)					
Allotted, called-up and fully paid	2,396,249	0	-	0	-
B3 Ordinary Shares (\$0.00001 each)					
Allotted, called-up and fully paid	2,662,501	0	-	0	-
B4 Ordinary Shares (\$0.00001 each)					
Allotted, called-up and fully paid	3,993,747	0	-	0	-
C Preferred Shares (\$0.01 each)					
Allotted, called-up and fully paid	19	0	-	0	-
	<b>48,770,627</b>	<b>396</b>	<b>341,912</b>	<b>254</b>	<b>254,428</b>

During the year, 8,768,465 A shares were allotted and 5,890 A shares were cancelled; refer note 19 for allotment and cancellation of B shares.

**(b) Terms / rights attached to equity shares**

**A Preferred Shares :** Each A preferred shareholder is entitled to vote at any general meeting of the Company and has one vote for each A preferred share held by that shareholder. All key decisions affecting the strategy and direction of the Company reside with institutional A Preferred Shareholders. The A preferred shares are not redeemable.

**B1, B2, B3 and B4 Ordinary Shares:** The shares have attached to them certain voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption. These shares are held by Delonex Nominee Limited on behalf of the employees.

**C Preferred Shares:** The shares do not carry any voting rights, the shares carry dividend and capital distribution (including on winding up) rights; they confer rights of redemption.

**Notes to the Company financial statements  
for the year ended 31 March 2020**

**18 Other capital reserves**

Please refer to note 23 (c) of the notes to the Group financial statements

**19 Share based payments**

The Group has issued Ordinary B Shares ('B Shares') in the Parent (Delonex Energy Limited) to certain employees (including senior executives and directors) and consultants to incentivise them for their employment or consultancy services. B Shares are fully paid up shares of face value of USD 0.00001 each, issued at par.

B shares have been issued to both UK and non-UK employees of the Group. In respect of the UK employees, B shares have been issued together with redeemable Preferred C Shares ('C Shares') in the Parent Company, pursuant to HMRC's guidelines on Employee Shareholder Exemption ('ESE'). Each C Share has a fixed value of GBP 2,500 redeemable at the option of the C shareholder at any time prior to an Initial Public Offering (IPO) or a change of control of the Group. Shares have been sub-divided into 4 categories as B1, B2, B3 and B4 Shares each with a specific threshold value (strike price) as USD 0 (Founder Share), USD 5, USD 10 and USD 15 respectively. Each category of B Shares will only participate in the equity value of the Group to the extent the share price (equity value) exceeds the respective strike price. The number of B Shares held by a B shareholder that will ultimately be entitled to participate in the equity value of the Group, as specified above, will be based on specific time value and dollar value conditions. In the case of an IPO, B shares will be converted into common shares in Parent prior to the IPO based on their entitlement to any pre-IPO value of the Group.

B Shares have been accounted for as equity-settled share-based payment transaction in the Group financial statements. In the DEUKL Company accounts these are disclosed as an expense in the Statement of Profit or Loss and as a capital contribution from the Parent under Equity.

The following table illustrates the number and respective threshold values (strike prices) of, each category of B Shares issued to UK employees during the year:

Class of Shares	Shares outstanding at the start of the year	Issued during the year	Cancelled during the year	Shares outstanding at the end of the year	Strike Price (in USD)
B1	5,560,843	-	73,532	5,487,311	0
B2	2,511,628	-	115,379	2,396,249	5
B3	2,791,494	-	128,993	2,662,501	10
B4	4,187,243	-	193,496	3,993,747	15
<b>Total</b>	<b>15,051,208</b>	<b>-</b>	<b>511,400</b>	<b>14,539,808</b>	

The cost of equity-settled transaction with employees (B shares issued to employees) has been measured by reference to the fair value of B shares at the date of grant.

Although there are no transactions during the year, the cost of equity-settled transaction with consultants (B Shares issued to consultants) is usually measured by reference to the fair value of services received or receivable by the Company from the consultants measured at the date; such services are rendered by the consultants.

**20 Retained earnings**

	31 March 2020	31 March 2019
	USD ('000)	USD ('000)
Balance as at the beginning of the period	(105,025)	(94,136)
Total loss for the period	(50,635)	(10,889)
Balance as at the end of the period	<b>(155,660)</b>	<b>(105,025)</b>

**Notes to the Company financial statements  
for the year ended 31 March 2020**
**21 Liability for C preferred shares**

In case of redeemable preference C shares, where an UK employee exercises their right to a put option for GBP 2,500, a financial Liability arises which will be cash settled. Thus, a financial liability has been recognised accordingly (Delonex has to date issued 19 C redeemable preference shares at a redemption value of GBP 2,500 each – which has been agreed to by HMRC). This is deemed to be the fair value and is equivalent to USD 59K at the year-end exchange rate.

**22 Trade and other payables**

Trade and other payables may broadly be classified as follows:

	31 March 2020	31 March 2019
	USD ('000)	USD ('000)
Trade payable		
- Amount owed to subsidiary	239	-
- Payable to others	165	158
<b>Total</b>	<b>404</b>	<b>158</b>

**23 Capital commitments**

As at 31 March 2020, the Company does not have any material capital commitments.

**24 Related party disclosures**

Please refer to note 35 of the notes to the Group financial statements for the amount of that have been entered into with related parties for the relevant financial year. Below table provides the outstanding balance as at 31<sup>st</sup> March 2020 with related parties.

Particulars	Delonex Energy UK Ltd.	Delonex Energy India Pvt. Ltd.	Delonex Energy Kenya Ltd.	Delonex Kenya One Ltd.	Delonex Chad (One) Ltd.	(In USD '000) United Hydrocarbon Chad Ltd.
Trade and other receivables	-	-	10	-	-	105
Trade and other payables	233	6	-	-	-	-

**25 Events after the reporting period**

Please refer to note 36 to the Group financial statements