



**AZEIRE LIMITED**

**DIRECTORS' REPORT AND  
UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2018**

**COMPANY REGISTRATION NUMBER 6319881**

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**AZEIRE LIMITED**

**DIRECTORS' REPORT AND UNAUDITED FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2018**

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**AZEIRE LIMITED**

**COMPANY INFORMATION**

**Directors**                   Anthony Mackewn  
                                  Torgeir Dagsleth  
                                  Mark Jenkinson  
                                  David Sturt (resigned 11/03/2019)

**Secretary**                   Hugh Nevile

**Registered office**        13 Palace Street  
                                  London  
                                  SW1E 5HX

**Registered number**      6319881

## AZEIRE LIMITED

### DIRECTORS' REPORT

The directors present their report and consolidated financial statements of the Azeire Ltd group for the year ended 31 December 2018. This includes the results of Azeire Ltd and its wholly owned subsidiary company Antrim Exploration Ltd. Azeire Ltd is itself a wholly owned subsidiary of Azeire Petroleum Ltd, a company registered in Bermuda.

#### Principal activities

The group explores for oil and natural gas offshore Ireland and holds offshore Petroleum Exploration Licenses and Licensing Options over Irish licence blocks.

#### Directors

The directors who served the company during the year and to the date of this report were as follows:

Anthony Mackewn	
Torgeir Dagsleth	
Mark Jenkinson	(appointed 17/04/2018)
David Sturt	(resigned 11/03/2019)
Henrik Schroder	(resigned 17/04/2018)

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

Signed on behalf of the board



T. Dagsleth  
Director

30<sup>th</sup> September 2019

## **AZEIRE LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare consolidated financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and of its profit or loss for that period. In preparing these consolidated financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the consolidated 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 consolidated financial statements comply with the Companies Act 2006.

They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

**AZEIRE LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 2018**

	<u>Note</u>	2018 \$	2017 \$
Exploration costs		(5,098,977)	(1,207,840)
Administrative expenses		(422,178)	(349,664)
<b>Loss on ordinary activities before taxation</b>	2	<u>(5,521,155)</u>	<u>(1,557,504)</u>
Tax on loss on ordinary activities	3	-	-
<b>Loss for the financial year</b>		<u><u>(5,521,155)</u></u>	<u><u>(1,557,504)</u></u>

The results for the year are derived from continuing activities. There are no recognised gains and losses other than the results as set out above.

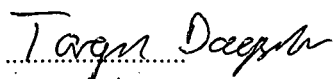
The notes on pages 6 to 10 form part of these financial statements.

**AZEIRE LIMITED**  
**CONSOLIDATED BALANCE SHEET**  
**31 DECEMBER 2018**

		2018		2017	
	<u>Note</u>	\$	\$	\$	\$
<b>Fixed Assets</b>					
Intangible assets	4		7,250,140		11,313,230
			<u>7,250,140</u>		<u>11,313,230</u>
<b>Current assets</b>					
Debtors	6	15		189,326	
Cash at Bank			50,019		3,024
			<u>50,034</u>		<u>192,350</u>
<b>Creditors: amounts falling due within one year</b>	7	(18,503,505)		(17,187,756)	
<b>Net current (liabilities)/assets</b>			(18,453,471)		(16,995,406)
<b>Net (liabilities)/assets</b>			<u>(11,203,331)</u>		<u>(5,682,176)</u>
<b>Capital and reserves</b>					
Called-up equity share capital	8		1,000		1,000
Share premium	9		917,171		917,171
Profit and loss account	10		(12,121,502)		(6,600,347)
<b>Shareholder's (deficit)/funds</b>			<u>(11,203,331)</u>		<u>(5,682,176)</u>

For the year ending 31<sup>st</sup> December 2018 the company group was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies. Furthermore the members have not required the company group to obtain an audit in accordance with section 476 of the Companies Act 2006. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts. These consolidated financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These consolidated financial statements were approved by the directors on the 30<sup>th</sup> September 2019 and are signed on their behalf by:

  
T. Dagsleth  
Director

Company Registration No. 6319881

The notes on pages 6 to 10 form part of these financial statements.

**AZEIRE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2018**

**1. Accounting policies**

The following accounting policies have been applied consistently in deciding the items which are considered material in relation to the consolidated financial statements.

**Basis of preparation**

These consolidated financial statements are presented in United States dollars ("\$" or "USD") which is its functional currency, have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view. The consolidated financial statements show the results of the company and of its wholly owned subsidiary, Antrim Exploration Ltd.

**Compliance with accounting standards**

The consolidated financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

**Going concern**

The group began acquiring licence assets in 2012 and since then has been developing its portfolio of oil and gas exploration assets. The key business risks and uncertainties affecting the group are considered to relate to competition from other oil companies and to the price of oil, which is the key driver of demand for the group's growth and future profitability.

The group participates in the AzEire Petroleum Ltd group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries. The directors, having assessed the responses of the directors of the company's parent company to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the company to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the company's consolidated financial position and of the enquiries made of the directors of AzEire Petroleum Ltd, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**Exploration & evaluation ("E&E") costs**

The company applies the full cost method of accounting for E&E costs whereby costs relating to oil and gas properties are accumulated and capitalised by reference to geographic cost pools. E&E costs are initially capitalised within intangible assets and include seismic data acquisition, processing and associated geophysical and geological studies, technical studies, exploratory drilling and directly related overheads. Pre-licence expenditure is expensed as incurred except to the extent that it relates to the acquisition of an asset, in which case that cost is capitalised.



**AZEIRE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2018**

**Accounting policies** *(continued)*

Intangible E&E assets are not amortised but are carried forward until the existence of commercial reserves have been determined. If commercial reserves have been discovered the related carrying value of the E&E assets are assessed for impairment on a cost pool basis and any impairment loss is recognised in the profit and loss account. The carrying value net of any impairment losses is then reclassified as development assets within property, plant and equipment.

E&E assets are assessed for impairment when facts and circumstances suggest that the carrying value may exceed its recoverable amount, e.g. failure to find commercially recoverable reserves. The E&E assets are tested for impairment together with development and production assets associated with that cost pool as a single cash generating unit. The aggregate carrying value is compared against the expected recoverable amount of the pool and any excess of carrying value over a recoverable amount is written off to the profit and loss account.

**Intangible assets and amortisation**

Licences are stated at cost less accumulated impairment losses. Licences are designated as current assets when their carrying value is expected to be recovered principally through sale rather than continuing use. Such assets are measured at the lower of carrying amount and fair value less costs to sell, and are not amortised.

**Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable; and
- deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

**AZEIRE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2018**

**2. Loss on ordinary activities before taxation**

There were no employees other than the directors employed during the year. None of the directors received any fees or remuneration for services as a director of the company during the financial year (2017: nil).

The remunerations of the directors were paid by associated companies. The directors acted in a group capacity only and did not allocate specific time to the company and therefore it was not possible to make an accurate apportionment of their emoluments in respect of the company.

**3. Tax on loss on ordinary activities**

On the basis of these financial statements no provision has been made for corporation tax.

**4. Intangible assets**

	\$
<b>Cost:</b>	
At 1 January 2018	11,183,230
Additions	861,816
Accumulated cost of disposals	(4,794,906)
At 31 December 2018	<u>7,250,140</u>
<b>Impairment:</b>	
At 1 January 2018	-
Charge for the year	(4,794,906)
Accumulated impairment of disposals	4,794,906
At 31 December 2018	<u>-</u>
<b>Net book value:</b>	
Net book value at 31 December 2018	<u>7,250,140</u>
Net book value at 31 December 2017	<u>11,183,230</u>

**5. Investments**

The company owns 100% of the issued share capital of Antrim Exploration (Ireland) Ltd, a company incorporated in the Republic of Ireland. The results of that company are included within the consolidated financial statements.

**AZEIRE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2018**

**6. Debtors: amounts falling due within one year**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Amounts owed by other group undertakings	-	609
Prepayments	15	188,717
	<u>15</u>	<u>189,326</u>

**7. Creditors: amounts falling due within one year**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Amounts owed to other group undertakings	18,222,051	16,830,935
Trade creditors	241,454	356,821
	<u>18,503,505</u>	<u>17,187,756</u>

Amounts owed between the company and other group undertakings are treated as trading balances and do not bear any interest.

**8. Share capital**

Allotted, called up and fully paid:

	<b><u>2018</u></b>		<b><u>2017</u></b>	
	No	£	No	£
Ordinary shares	<u>1,000,000</u>	<u>1,000</u>	<u>1,000,000</u>	<u>1,000</u>

**9. Share Premium**

	<b>2018</b>
	<b>£</b>
Balance brought forward	917,171
Capitalised during the year	-
Balance carried forward	<u>917,171</u>

**AZEIRE LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2018**

**10. Profit and loss account**

	<b>2017</b>
	<b>£</b>
Balance brought forward	(6,600,347)
Loss for the financial year	(5,521,155)
Balance carried forward	<u>(12,121,502)</u>

**11. Related party transactions**

As the company is a wholly owned subsidiary of AzEire Petroleum Ltd, it has taken advantage of the exemptions provided by FRS 102 in not disclosing transactions with other wholly owned group companies.

**12. Control**

The immediate parent company is AzEire Petroleum Ltd, a company registered in Bermuda. AzEire Petroleum Ltd is under the control of Azimuth II Ltd, a company registered in Bermuda. For the year ended 31 December 2018, the largest group in which the results of the company are consolidated was that headed by AzEire Petroleum Ltd.

**AZEIRE LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 2018**

	<u>Note</u>	2018 \$	2017 \$
Exploration costs		(4,993,598)	(1,207,840)
Administrative expenses		(418,040)	(335,971)
<b>Loss on ordinary activities before taxation</b>		<u>(5,411,638)</u>	<u>(1,543,811)</u>
Tax on loss on ordinary activities	13	-	-
<b>Loss for the financial year</b>		<u><u>(5,411,638)</u></u>	<u><u>(1,543,811)</u></u>

The company's results are derived from continuing activities. There are no recognised gains and losses other than the results as set out above.

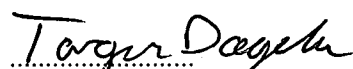
The notes on pages 13 to 14 form part of these financial statements

**AZEIRE LIMITED**  
**BALANCE SHEET**  
**31 DECEMBER 2018**

		2018	2017
	<u>Note</u>	\$	\$
<b>Fixed Assets</b>			
Intangible assets	14	5,644,059	9,972,851
Investments	15	380,000	380,000
		<u>6,024,059</u>	<u>10,352,851</u>
<b>Current assets</b>			
Debtors	16	1,223,592	1,001,384
Cash at Bank		50,019	3,024
		<u>1,273,611</u>	<u>1,004,408</u>
<b>Creditors: amounts falling due within one year</b>	17	<u>(18,377,791)</u>	<u>(17,025,742)</u>
<b>Net current (liabilities)/assets</b>		(17,104,180)	(16,021,334)
<b>Net (liabilities)/assets</b>		<u>(11,080,121)</u>	<u>(5,668,483)</u>
<b>Capital and reserves</b>			
Called-up equity share capital		1,000	1,000
Share premium		917,171	917,171
Profit and loss account	18	(11,998,292)	(6,586,654)
<b>Shareholder's (deficit)/funds</b>		<u>(11,080,121)</u>	<u>(5,668,483)</u>

For the year ending 31<sup>st</sup> December 2018 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies. Furthermore the members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts. These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved by the directors on the 30<sup>th</sup> September 2019 and are signed on their behalf by:



T. Dagsleth  
Director

Company Registration No. 6319881

The notes on pages 13 to 14 form part of these financial statements

**AZEIRE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2018**

**Basis of preparation**

These financial statements are presented on a consistent basis to those of the consolidated financial statements of the company and accompanying notes thereto.

Notes relating specifically to the non-consolidated accounts of the company are set out below.

**13. Tax on loss on ordinary activities**

On the basis of these financial statements no provision has been made for corporation tax.

**14. Intangible assets**

	\$
<b>Cost:</b>	
At 1 January 2018	9,972,851
Additions	466,114
Accumulated cost of disposals	(4,794,906)
At 31 December 2018	<u>5,644,059</u>
<b>Impairment:</b>	
At 1 January 2018	-
Charge for the year	(4,794,906)
Accumulated impairment of disposals	4,794,906
At 31 December 2018	<u>-</u>
<b>Net book value:</b>	
Net book value at 31 December 2018	<u>5,644,059</u>
Net book value at 31 December 2017	<u>9,972,851</u>

**15. Investments**

	2018	2017
	\$	\$
Shares in Group Undertakings	380,000	380,000

The company owns 100% of the issued share capital of Antrim Exploration (Ireland) Ltd, a company incorporated in the Republic of Ireland.

**AZEIRE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2018**

**16. Debtors: amounts falling due within one year**

	<b>2018</b>	<b>2017</b>
	£	£
Amounts owed by other group undertakings	1,223,577	814,309
Prepayments	15	187,075
	<u>1,223,592</u>	<u>1,001,384</u>

**17. Creditors: amounts falling due within one year**

	<b>2018</b>	<b>2017</b>
	£	£
Amounts owed to other group undertakings	18,222,051	16,830,935
Trade creditors	155,740	194,807
	<u>18,377,791</u>	<u>17,025,742</u>

Amounts owed between the company and other group undertakings are treated as trading balances and do not bear any interest.

**18. Profit and loss account**

	<b>2018</b>
	£
Balance brought forward	(6,586,654)
Loss for the financial year	(5,411,638)
Balance carried forward	<u>(11,998,292)</u>