Anglo African Oil & Gas plc
(formerly known as Namibian Resources plc)

Annual Report 2016

for the period ended 31 December 2016

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Company Information

Directors	David G F Sefton Alexander A B Macdonald James A Cane Oleg S Schkoda Brian M Moritz Peter-John (PJ) Davies
Company secretary	Cargil Management Services Limited 27-28 Eastcastle Street London W1W 8DH
Company number	04140379
Registered office	27-28 Eastcastle Street London W1W 8DH
Nominated advisor and broker	finnCap Limited 60 New Broad Street London EC2M 1JJ
Solicitors (UK)	DLA Piper UK LLP 3 Noble Street London EC2V 7EE
Solicitors (Republic of the Congo)	Cabinet d'Avocats Fernand CARLE BP 607 – Pointe Noire Republique du Congo Brazzaville
Independent Auditors	Crowe Clark Whitehill LLP St Bride's House 10 Salisbury Square London EC4Y 8EH
Public Relations	St Brides Partners Limited 3 St Michael's Avenue London EC3V 9DS
Registrars	Share Registrars Limited The Courtyard 17 West Street Farnham Surrey GU9 7DR
Website	www.aaog.co

Executive Chairman's letter

I am pleased to welcome you to the first annual report of Anglo African Oil & Gas plc ("AAOG") following our successful IPO in March 2017 on the London Stock Exchange's AIM, raising £10 million, which was one of very few E&P fund raisings on AIM in recent times. I would like to thank our shareholders for their support and our management team for their hard work over the course of the past eighteen months.

The financial results contained in this annual report relate to the period prior to AAOG's placing and admission to trading on AIM. However, the report does provide me with an opportunity to introduce the Company and provide a summary of the plans that we have.

Our strategy is to develop the Tilapia field, in which Petro Kouilou SA has a 56 per cent share, with the balance of 44 per cent being help by SNPC, the national oil company of the Republic of the Congo. Tilapia is located 1.8 kilometres offshore of the Republic of the Congo ('the **Congo**'), in the Lower Congo Basin. The field is drilled from onshore, and Petro Kouilou has its production and storage facilities onshore. The Tilapia field is located a 45-minute drive from Pointe Noire, the second largest city in the Congo, and 17 kilometres from the nearest refinery. The roads are of sufficient quality that production can be trucked to the refinery throughout the year. AAOG has completed the initial acquisition of 49 per cent of the share capital of Petro Kouilou and expects to complete the acquisition of the remaining 51 per cent of the shares in the near future.

We have already commenced workover operations on the existing wells, TLP-101 and TLP-102, which thus far have been successful on TLP-101 but unfortunately not on TLP-102. Further elements of the workovers are being planned. However, by far the most significant step will be the drilling of a new well, TLP-103. Planning for this is well underway, with an experienced and highly qualified technical team led by the CEO, Alex MacDonald, and the Operations Director, Oleg Schkoda.

This new multi-horizon well will first drill through the existing producing horizon, R1/R2, and then deeper, into the Mengo Sands Horizon, where the Company has well-log data showing the existence of producible hydrocarbons and from which neighbouring onshore producers are achieving very good production rates of hundreds of barrels of oil a day per well. Finally, TLP-103 will drill deeper to explore the Djeno Sands Horizon. This horizon has not previously been drilled within this licence area, but Tilapia is located immediately adjacent to areas from which other operators, including ENI and SOCO PLC, are achieving production per well of thousands of barrels a day.

Clearly, the results of the appraisal drilling into the Mengo and the exploration into the Djeno will provide the most significant pointer as to the potential value of Tilapia. It is the balance of risks and upside among these different aspects of the drilling that makes this opportunity so interesting. We look forward to updating you with the results later this year.

Finally, I would like to reaffirm our commitment to a financially prudent and careful approach to the Company's activities. Although we have a robust balance sheet and sufficient funds for our plans, we remain focused on cashflows and we intend to ensure that capital is used primarily to enhance the value of the asset. We are maintaining a very tight grip on running costs, and the salaries and options of the management team are tied to increasing production. As a result, we are all highly motivated to deliver the plans that we set out before investors.

Once again, can I thank you for your support and I look forward to updating you on our progress.

Kind regards,

David Sefton

2 June 2017

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[1] Initial Public Offering on 6 March 2017
[2] Exploration and Production

Group Strategic Report

for the period ended 31 December 2016

The directors present the strategic report of Anglo African Oil & Gas plc ('AAOG' or the 'Company') and its subsidiary (together, the 'Group') for the period ended 31 December 2016. The Company was incorporated in England and Wales on 12 January 2001.

Principal activity

The Group ceased its previous business of diamond mining in Namibia through its subsidiary company, Sonnberg Diamonds (Namibia) (Pty) Limited in the year to 28 February 2016, so that, in the period to 31 December 2016, the Group could pursue the acquisition of an oil and gas company, Petro Kouilou SA ("**PK**"), situated in the Republic of the Congo. This acquisition completed post period-end, with a 49 per cent interest being acquired. The Group is currently seeking to acquire the remaining interest. Following completion of the acquisition, the Group, through its subsidiary, will hold a 56 per cent stake in the producing Tilapia oil field in the Republic of the Congo.

Group strategy

The Directors aim to secure the Company's financial stability in the short term by increasing production from existing wells and then to generate significant upside in the medium term through the targeting of deeper horizons within the licence area.

Results

The Group reports a loss from operating activities of £937,313 for the period to 31 December 2016. This loss is after charging £302,947 of costs related to the Initial Public Offering and the admission of the ordinary shares to trading on AIM, which took place after the period-end on 6 March 2017.

Future development of the Group

Admission to AIM and acquisition of Petro Kouilou

The directors believe that the fundraising and admission of the ordinary shares to trading on AIM that completed on 6 March 2017 are in the best interests of the Company. The funds raised enable the Company to acquire PK, which provides an exciting opportunity for shareholders through the development programme set out below.

Enhancing production from the Tilapia field

The Company's planned production development programme is as follows:

Stage One – The Company intends to increase production through two workovers.

Stage Two – The more significant potential increase in the value of the Tilapia field is expected to be achieved by a new drilling programme into deeper geological structures, the Mengo and Djeno sands, which Tilapia shares with surrounding fields. The first of these new wells, TLP-103, will be drilled during 2017.

Stage Three – If the drilling of TLP-103 is successful, a second well, TLP-104, will be drilled.

The directors believe this development programme is commercially attractive because:

1. ***Low cost*** – the Company's budgeted break-even cost of production at 5,300 barrels of oil per day ("**bopd**") is less than US$5 per barrel and, at an oil price of US$35 per barrel, it can be profitable at approximately 500 bopd. The business and working capital models produced by the directors, and in particular the low and flexible cost base that allows the Company to be break even at production levels lower than 500 bopd, provide evidence that the Company can withstand low oil prices even at modest rates of production.
2. ***Upside*** – The drilling programme into the Mengo sands and the Djeno sands provides qualified potential upside to the existing production.
3. ***Existing production and storage facilities in place*** – there are in place existing facilities that have been constructed to international standards, have been regularly maintained and are fully amortised. PK's facilities currently have the capacity to achieve production of up to 4,000 bopd, with scope for expansion.
4. ***Already in production*** – the workovers and drilling programme, well design and authorisation for expenditure have been agreed with SNPC.
5. ***Ability to drill from on-shore*** – Tilapia is near offshore, being only 1.8 kilometres from the coastline. This gives the considerable advantage of being able to drill from onshore using deviated

wells, at a considerably reduced cost compared to offshore drilling.

6. ***Light oil*** – The oil currently produced from Tilapia is high quality, light, sweet crude (39 – 41 API) with a market value that currently tracks Brent crude oil.

7. ***Availability of equipment*** – Drilling equipment and ancillary services to carry out the development programme are readily available due to recent oil price instability. If drilling into the Djeno sands proves unsuccessful, the Company nevertheless intends to perforate the well at the Mengo sands and/or Pointe Indienne R1/R2 reservoir and thereby increase daily production, with a positive effect on cash flows and asset value.

Significant events

On 8 March 2017, the Company's shares were admitted to trading on AIM. On admission, the Group issued 51,410,578 ordinary shares at 10p, including 50 million shares issued pursuant to a fundraising, generating gross cash proceeds of £10 million.

Shortly after admission, the Company acquired a 49 per cent share in PK, a company incorporated in the Republic of Congo.

Review of business and financial performance

The Board has reviewed whether the Annual Report, taken as a whole, presents a fair, balanced and comprehensive summary of the Group's position and prospects. The Board considers that the results included in this Annual Report bear no relation to the Group's position and prospects, which are set out in detail under '*Future development of the Group*' above.

Information on the financial position and development of the Group is set out in the Executive Chairman's letter, this report, the Directors' Report and the annexed financial statements.

Risks and uncertainties

The Board regularly reviews the risks to which the Group is exposed and ensures, through its meetings and regular reporting, that these risks are minimised as far as possible.

The principal risks and uncertainties facing the Group at this stage in its development are:

Exploration risk

The Group's business will include oil and gas exploration and evaluation, which are speculative activities and there is no certainty that the Group will be successful in the definition of economic resources, or that it will proceed to the development of any of its projects or otherwise realise their value.

The Group aims to mitigate this risk when evaluating new business opportunities by targeting areas of potential where there is historical drilling or geological data available.

Resource risk

All oil and gas projects have risk associated with defined resources and recoverability. Resources will be calculated by the Group in accordance with accepted industry standards and codes but are always subject to uncertainties in the underlying assumptions, which include geological projection and commodity price assumptions.

Development risk

Delays in permitting, financing and commissioning a project may result in delays to the Group meeting its production targets. Changes in commodity prices can affect the economic viability of the drilling programme and affect decisions on continuing exploration activity.

Production technical risk

Notwithstanding the completion of test work, and pilot studies indicating the technical viability of an operation, unforeseen variations may still render an oil and gas recovery operation economically or technically non-viable.

The Group will have available to it a small team of professionals experienced in geological evaluation, exploration, financing and development of oil and gas projects. To mitigate development risk, the Group supplements this from time to time with the engagement of external expert consultants and contractors.

Environmental risk

Exploration and development of a project can be adversely affected by environmental legislation and the unforeseen results of environmental studies carried out during evaluation of a project. Once a project is in production, unforeseen events can give rise to environmental liabilities.

Financing and liquidity risk

The Company may have an ongoing requirement to fund its activities through the equity markets and in future may need to obtain finance for project development. There is no certainty such funds will be available when needed.

Partner risk

In the Republic of the Congo, the Group operates in partnership with parastatal entities. The Group can be adversely affected if partners are unable or unwilling to perform their obligations or fund their share of future developments, or if legislation is introduced varying the legal requirements for such partnerships.

Bribery risk

The Group has adopted an anti-corruption policy and whistle-blowing policy under the Bribery Act 2010. Notwithstanding this, the Company may be held liable for offences under that Act committed by its employees or subcontractors, whether or not the Company or the directors have knowledge of the commission of such offences.

Financial instruments

Details of risks associated with the Group's financial instruments are given in Note 21 to the financial statements. The Company does not utilise any complex financial instruments.

Internal controls and risk management

The directors are responsible for the Group's system of internal financial control. Although no system of internal financial control can provide absolute assurance against material misstatement or loss, the Group's system is designed to provide reasonable assurance that problems are identified on a timely basis and dealt with appropriately.

In carrying out their responsibilities the directors have put in place a framework of controls to ensure, as far as possible, that ongoing financial performance is monitored in a timely manner, that, where required, corrective action is taken and that risk is identified as early as practically possible. The directors have reviewed the effectiveness of internal financial control.

The Board, subject to delegated authority, reviews capital investment, property sales and purchases, additional borrowing facilities, guarantees and insurance arrangements.

Forward-looking statements

This Annual Report contains certain forward-looking statements that have been made by the directors in good faith, based on the information available at the time of the approval of the Annual Report. By their nature, such forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that will or may occur in the future. Actual results may differ from those expressed in such statements.

Outlook

The Group has taken significant steps forward through its admission to AIM and the completion of the initial acquisition of 49 per cent of the share capital of PK. The Company hopes to complete the acquisition of the balance of the shares of PK in the near future in exchange for US$2.5 million of shares in the Company. The Company is executing the three-stage production development programme that was set out in the admission document. If the Company is successful in obtaining significant production from the Mengo and/or Djeno sands, the directors will take technical advice in conjunction with SNPC on field optimisation. This could include up to ten additional wells alongside expanded surface facilities. As a field-optimisation plan could take several years to implement, the Company would likely seek to agree the plan with SNPC in conjunction with securing a new licence

On behalf of the Board:

David Sefton
(Director)

2 June 2017

Directors' Report

The directors present their report together with the audited financial statements of Anglo African Oil & Gas plc ('**AAOG**' or '**the Company**') and its subsidiary, (together, '**the Group**') for the period ended 31 December 2016.

A review of the business, future developments, subsequent events and risks and uncertainties is included in the Strategic Report.

Results

The Group reports a loss before tax of £937,313 for the period to 31 December 2016 (Year ended 28 February 2016: £345,272).

Dividends

The directors do not recommend payment of a dividend for the period to 31 December 2016 (Year ended 28 February 2016: £nil).

Political donations

There were no political donations during the period (Year ended 28 February 2016: £nil).

Corporate governance statement

The Board is committed to maintaining high standards of corporate governance. The UK Corporate Governance Code, published by the Financial Reporting Council, sets out standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders, providing principles of good governance and a code of best practice for listed companies. The UK Corporate Governance Code does not apply to AIM companies. However, shareholders expect companies in which they invest to be properly governed and tend to use the UK Corporate Governance Code as a starting point.

The Company's corporate governance procedures take due regard of the principles of good governance set out in the UK Corporate Governance Code having regard to the size and the stage of development of the Company. Nonetheless, the Company has not formally adopted any specific corporate governance code.

The Company has established audit and remuneration committees, with formally delegated duties and responsibilities.

Audit committee

The audit committee comprises PJ Davies and B M Moritz and is chaired by PJ Davies. It is responsible for ensuring the financial performance, position and prospects of the Group are properly monitored and reported on and for meeting the auditor and reviewing their reports relating to accounts and internal controls.

Directors

The following directors served during the period to 31 December 2016:

B M Moritz
A A B Macdonald
J A Cane (appointed on 25 July 2016)
O S Schkoda (appointed on 25 July 2016)
D G F Sefton (appointed on 25 July 2016)

Since the period-end, the following director has been appointed:

P J Davies (appointed on 30 January 2017)

Directors' interests

The beneficial interests of the directors holding office at 31 December 2016 in the issued share capital of the Company were as follows:

	Ordinary shares of 5p each		Deferred shares of 1p each	
	31 December 2016	**28 February 2016**	**31 December 2016**	**28 February 2016**
B M Moritz	441,656	—	—	22,243,488

On 13 March 2015, B M Moritz was allotted 4,383,158 ordinary shares at 4.75p per share in settlement of loans of £208,200. Following admission of the shares to trading on AIM on 6 March 2017, Mr Moritz held 861,634 Ordinary Shares in the Company.

There was a capital reorganisation on admission that meant that the holders of the deferred shares no longer have an economic interest in the company.

Directors' remuneration

No director received any remuneration in the period (Year ended 28 February 2016: £nil).

Directors' indemnities and insurance

During the period ended 31 December 2016, there were no directors' indemnities or insurance in place.

Going concern

The directors have adopted the going-concern basis in preparing these financial statements. This is further explained in note 2 to the financial statements.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial period. Under that law, the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the Group's results 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 estimates that are reasonable and prudent;
- state whether the financial statements comply with IFRS as adopted by the European Union; and
- prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company'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 the 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure to auditor

Each director at the date of approval of this annual report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the Group's and Company's auditor is unaware; and
- all the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Crowe Clark Whitehill LLP were appointed auditors by the directors following the resignation of the previous auditors, Maxwell & Co, Chartered Accountants.

By order of the Board

DGF Sefton

Director

2 June 2017

Independent Auditor's Report

We have audited the financial statements of Anglo African Oil & Gas plc for the period ended 31 December 2016 which comprise the Group Statement of Comprehensive Income, the Group and Parent Company Statement of Financial Position, Group and Parent Company Statement of Changes in Equity, Group and Parent Company Cash Flow Statements and the related notes numbered 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) 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.

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 that 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 opinion we have formed.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2016 and of the group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and in accordance with applicable legal requirements.

Independent Auditor's Report (continued)

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept 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.

Matthew Stallabrass (Senior Statutory Auditor)
For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor

St Bride's House
10 Salisbury Square
London EC4Y 8EH
2 June 2017

Consolidated Statement of Comprehensive Income

for the period ended 31 December 2016

	Notes	Period ended 31 December 2016 £	Year ended 28 February 2016 £
Continuing operations			
Revenue		—	—
Cost of sales		—	—
Gross loss		—	—
Administrative expenses	8	(931,829)	(345,141)
Loss from operating activities		(931,829)	(345,141)
Finance costs		(5,484)	(131)
Loss before tax		(937,313)	(345,272)
Taxation	10	—	—
Loss for the year from operating activities		(937,313)	(345,272)
Exchange translation on foreign operations		—	(2,199)
Total comprehensive expense for the year		(937,313)	(347,471)
Loss per ordinary share (pence)			
Basic and diluted	11	(2.21)	(0.40)

The notes on pages 17 to 33 form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

as at 31 December 2016

	Notes	31 December 2016 £	28 February 2016 £
Non-current assets			
Property, plant and equipment	12	—	100,000
Intangible assets	13	—	—
		—	100,000
Current assets			
Trade and other receivables	15	84,346	58,205
Prepayments		—	71,998
Cash and cash equivalents	16	2,078	1,231
		86,424	131,434
Total assets		86,424	231,434
Equity			
Share capital	18	4,463,008	4,463,008
Share premium		1,555,144	1,555,144
Currency translation reserve		156,557	156,557
Retained deficit		(7,290,900)	(6,353,587)
		(1,116,191)	(178,878)
Current liabilities			
Trade and other payables	17	1,029,091	286,788
Loans and borrowings	18	50,000	–
Provisions	19	123,524	123,524
		1,202,615	410,312
Total equity and liabilities		86,424	231,434

The financial statements of Anglo African Oil & Gas plc were approved by the Board and authorised for issue on 2 June 2017. They were signed on its behalf by:

DGF Sefton
Director

The notes on pages 17 to 33 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

for the period ended 31 December 2016

	Share capital £	Share premium £	Currency translation reserve £	Retained deficit £	Total £
Balance at 28 February 2015	4,328,355	1,050,197	158,756	(6,008,315)	**(471,007)**
Loss for the financial year	—	—	—	(345,272)	**(345,272)**
Foreign exchange difference	—	—	(2,199)	—	**(2,199)**
Total comprehensive expense for the year	—	—	(2,199)	(345,272)	**(347,471)**
Issue of ordinary shares	134,653	504,947	—	—	**639,600**
	134,653	504,947	—	—	**639,600**
Balance at 28 February 2016	4,463,008	1,555,144	156,557	(6,353,587)	**(178,878)**
Loss for the financial year	—	—	—	(937,313)	**(937,313)**
Foreign exchange difference	—	—	—	—	**—**
Total comprehensive expense for the year	—	—	—	(937,313)	**(937,313)**
Balance at 31 December 2016	4,463,008	1,555,144	156,557	(7,290,900)	**(1,116,191)**

The currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the foreign operation.

The notes on pages 17 to 33 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

for the period ended 31 December 2016

	Notes	Period ended 31 December 2016 £	Year ended 28 February 2016 £
Cash flows from operating activities			
Loss for the period		(937,313)	(345,272)
Depreciation		—	157,888
Property, plant and equipment impairment		100,000	—
Foreign exchange differences		—	—
		(837,313)	(187,253)
Changes in:			
– trade and other receivables		(26,141)	(6,309)
– prepayments		71,998	(71,998)
– trade and other payables		742,303	128,206
– provision		—	53,524
– foreign exchange movement on working capital		—	(2,199)
Cash from/(used in) operating activities		(49,153)	(86,160)
Cash flows from financing activities			
Loan received in period		50,000	—
Advances from Shareholders		—	77,996
Net cash flows from financing activities		50,000	77,996
Net increase/(decrease) in cash and cash equivalents		847	(8,164)
Cash and cash equivalents at beginning of period		1,231	9,395
Cash and cash equivalents at period-end	16	2,078	1,231

Non-cash transaction

On 13 March 2015, the Company capitalised £639,600 of interest-free loans advanced by directors and former directors and their associates by the issue of 13,465,263 ordinary shares of 1p each at 4.75p per share.

The notes on pages 17 to 33 form an integral part of these consolidated financial statements.

Company Statement of Financial Position

as at 31 December 2016

	Notes	31 December 2016 £	28 February 2016 £
Assets			
Property, plant and equipment	12	—	100,000
Investments	14	—	—
Non-current assets		—	100,000
Current assets			
Trade and other receivables	15	84,346	21,489
Prepayments		—	71,998
Cash and cash equivalents	16	2,078	1,231
		86,424	94,718
Total assets		86,424	194,718
Equity			
Share capital	18	4,463,008	4,463,008
Share premium		1,555,144	1,555,144
Retained deficit		(7,005,444)	(6,104,847)
		(987,292)	(86,695)
Current liabilities			
Trade and other payables	17	1,023,716	281,413
Loans and borrowings	18	50,000	—
		1,073,716	281,413
Total equity and liabilities		86,424	194,718

The Company's loss and total comprehensive expense for the period ended 31 December 2016 was £900,597 (Year ended 28 February 2016: £283,141).

The financial statements of Anglo African Oil & Gas plc, company number 04140379, were approved by the Board and authorised for issue on 2 June 2017. They were signed on its behalf by:

DGF Sefton
Director

The notes on pages 17 to 33 form an integral part of these consolidated financial statements.

Company Statement of Changes in Equity

for the period ended 31 December 2016

	Share capital £	Share premium £	Retained deficit £	Total equity £
Balance at 28 February 2015	4,328,355	1,050,197	(5,821,706)	**(443,154)**
Loss and total comprehensive expense for the year		—	(283,141)	**(283,141)**
Issue of ordinary shares	134,653	504,947	—	**639,600**
Issue costs	—	—	—	—
	134,653	504,947	—	**639,600**
Balance at 28 February 2016	4,463,008	1,555,144	(6,104,847)	**(86,695)**
Loss and total comprehensive expense for the year	—	—	(900,597)	**(900,597)**
Balance at 31 December 2016	4,463,008	1,555,144	(7,005,444)	**(987,292)**

The notes on pages 17 to 33 form an integral part of these consolidated financial statements.

Company Statement of Cash Flows

for the period ended 31 December 2016

	Notes	Period ended 31 December 2016 £	Year ended 28 February 2016 £
Cash flows from operating activities			
Loss for the period		(900,597)	(283,141)
Adjustments for:			
Impairment of fixed asset investment		—	22,420
Depreciation		—	157,888
Property, plant and equipment impairment		100,000	
		(800,597)	(102,833)
Changes in:			
– trade and other receivables		(62,857)	(16,673)
– prepayments		71,998	(71,998)
– trade and other payables		742,303	129,900
Cash from/(used in) operating activities		49,153	(61,604)
Cash flows from financing activities			
Proceeds from issue of share capital		—	—
Loan received in period		50,000	—
Advances from shareholders		—	77,996
Loans to subsidiary		—	(22,420)
Net cash flows from financing activities		50,000	55,576
Net increase/(decrease) in cash and cash equivalents		847	(6,028)
Cash and cash equivalents at beginning of period		1,231	7,259
Cash and cash equivalents at period end	16	2,078	1,231

Non-cash transaction

On 13 March 2015, the Company capitalised £639,600 of interest-free loans advanced by directors and former directors and their associates by the issue of 13,465,263 ordinary shares of 1p each at 4.75p per share.

The notes on pages 17 to 33 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

for the period ended 31 December 2016

1. Reporting entity

Anglo African Oil & Gas plc is a company incorporated and domiciled in England and Wales. The address of the Company's registered office is 27-28 Eastcastle Street, London W1W 8DH. The consolidated financial statements of the Group as at and for the period ended 31 December 2016 comprise the financial statements of the Company and its subsidiary. The Group will continue to be primarily involved in the extraction of and exploration for natural resources in Africa.

Sonnberg Diamonds (Namibia) (Pty) Limited is a company registered in Namibia. The registered office address is P O Box 199, Lüderitz, Namibia.

2. Going concern

As set out in the Executive Chairman's letter, the Company has agreed to acquire certain producing oil and gas assets in the Republic of the Congo. Completion of this agreement required, *inter alia*, a placing of new ordinary shares to provide working capital and the readmission of the Company's ordinary shares to trading on AIM.

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. As noted above, this assessment includes the post year-end impact of both the £10 million gross cash inflow from the admission to AIM and the cash outflow of US$2.5 million to fund the acquisition of PK. On this basis, the directors continue to adopt the going-concern basis of accounting in preparing the financial statements.

3. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board and as adopted by the European Union.

The Company's individual statement of comprehensive income has been omitted from the Group's annual financial statements having taken advantage of the exemption not to disclose under Section 408(3) of the Companies Act 2006. The Company's loss and total comprehensive expense for the period ended 31 December 2016 was £900,597 (Year ended 28 February 2016: £283,141).

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

Functional and presentation currency

These consolidated financial statements are presented in Pounds Sterling ('GBP'), which is considered by the directors to be the functional and most appropriate presentation currency.

(c) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical estimates and assumptions that have the most significant effect on the amounts recognised in the consolidated financial statements and/or have a significant risk of resulting in a material adjustment within the next financial year are as follows:

- Carrying value of intangible assets – Notes 4(e) and 13
- Carrying value of investments – Note 14
- Carrying value of property, plant and equipment – Notes 4(d) and 12

Notes to the Consolidated Financial Statements

(continued)

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase price is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period/year, adjusted for effective interest and payments during the period/year, and the amortised cost in foreign currency translated at the exchange rate at the end of the period/year.

Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in the statement of comprehensive income.

4. Significant accounting policies (continued)

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and the fair value adjustments arising on acquisition, are translated to GBP at exchange rates at the reporting date with any difference to other comprehensive income. The income and expenses of foreign operations are translated to GBP at exchange rates at the date of transactions.

(c) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group's non-derivative financial assets comprise loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses (see note 4(f)(i)).

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in their fair value. These are initially and subsequently recorded at fair value.

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

4. Significant accounting policies (continued)

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

(iii) Depreciation

Items of fixtures and fittings are depreciated on a straight-line basis in the statement of comprehensive income within administrative expenses over the estimated useful lives below:

- Fixtures and fittings 5-8 years
- Plant and equipment is depreciated on the unit of production method.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(e) Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. Expenditure on acquired intangible assets are capitalised and amortised using the straight-line method over their useful lives. Intangible assets are not revalued. The carrying amount of each intangible asset is reviewed annually and adjusted for impairment where it is considered necessary.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets. For all other intangible assets, amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Amortisation is provided on a straight-line basis in the statement of comprehensive income within administrative expenses over the estimated useful lives as follows:

- Mining rights Life of mine

(f) Impairment

(i) Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that event had an impact on the estimated future cash flows of that asset that can be estimated reliably.

4. Significant accounting policies (continued)

Financial assets measured at amortised cost

The Group considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance against loans and receivables. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Goodwill and indefinite-lived intangible assets are tested annually for impairment or when there is an indication of impairment. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For 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.

Impairment losses are recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Revenue

Revenue from the sale of goods is recognised when all of the following conditions have been satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest is recognised, in profit and loss, using the effective interest rate method.

(h) Finance costs

Finance costs comprise of interest expense on borrowings.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

4. Significant accounting policies (continued)

(i) Taxation

Tax expense comprises current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(j) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

5. New standards and interpretations not yet adopted

Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2017 or later periods, but which the Group has not early adopted.

The directors consider that the effect of Standards, amendments to published Standards and Interpretations issued but not yet effective, on the presentation, recognition and measurement of its financial statements will not be material.

Notes to the Consolidated Financial Statements

(continued)

6. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Property, plant and equipment

The fair value for consideration of impairment of items of property, plant and equipment is based on market prices for similar items.

(ii) Intangible assets

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

(iii) Trade and other receivables

The fair value of trade and other receivables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes or when such assets are acquired in a business combination.

(iv) Fixed asset investments

The fair value of fixed asset investments is based on the net assets of the group undertaking.

7. Operating segments

The Company manages a group involved in mineral resources exploration and exploitation in Africa and is, therefore, considered to operate in a single geographical and business segment.

8. Administrative expenses

Administrative expenses include:

	Period ended 31 December 2016 £	Year ended 28 February 2016 £
Depreciation	—	157,888
Impairment of plant, property and equipment	100,000	—
Auditor's remuneration		
– audit services parent company	8,606	5,000

9. Staff costs

	Period ended 31 December 2016 £	Year ended 28 February 2016 £
Wages and salaries	—	—
Social security costs	—	—
	—	—

The average number of employees (including directors) during the period was:

	Period ended 31 December 2016	Year ended 28 February 2016
Directors – management	5	3
	5	3

Notes to the Consolidated Financial Statements

(continued)

10. Taxation

	Period ended 31 December 2016 £	Year ended 28 February 2016 £
Current tax expense		
Current year	—	—
Deferred tax expense		
Origination and reversal of temporary differences	—	—
Total tax expense	—	—

Reconciliation of effective tax rate

	Period ended 31 December 2016 £	Year ended 28 February 2016 £
Loss before tax	(937,313)	(345,272)
Tax using the Company's domestic tax rate of 20% (Year ended 28 February 2016: 20.1%)	187,463	69,400
Tax losses	(187,463)	(69,400)
Total taxation charge	—	—

Factors that may affect future tax charges

No deferred tax asset has been recognised in respect of tax losses due to uncertainty as to their future availability.

11. Loss per share

The calculation of loss per share for the period ended 31 December 2016 is based on the loss for the period after tax attributable to ordinary shareholders of £937,313 (Year ended 28 February 2016: £345,471), and a weighted average number of ordinary shares in issue of 42,418,932 (Year ended 28 February 2016: 86,519,030).

Notes to the Consolidated Financial Statements

(continued)

12. Property, plant and equipment

Group

	Fixtures and fittings £	Plant and equipment £	Total £
COST			
Balance at 1 March 2015	2,003	1,148,236	**1,150,239**
Exchange difference	—	—	**—**
Balance at 28 February 2016	2,003	1,148,236	**1,150,239**
Balance at 1 March 2016	2,003	1,148,236	**1,150,239**
Exchange difference	—	—	**—**
Balance at 31 December 2016	2,003	1,148,236	**1,150,239**
DEPRECIATION			
Balance at 1 March 2015	2,003	890,348	**892,351**
Depreciation	—	157,888	**157,888**
Impairment	—	—	**—**
Exchange difference	—	—	**—**
Balance at 28 February 2016	2,003	1,048,236	**1,050,239**
Balance at 1 March 2016	2,003	1,048,236	**1,050,239**
Depreciation	—	—	**—**
Impairment	—	100,000	**100,000**
Exchange difference	—	—	**—**
Balance at 31 December 2016	2,003	1,148,236	**1,150,239**
Carrying amounts			
At 31 December 2016	—	—	**—**
At 28 February 2016	—	100,000	**100,000**

Notes to the Consolidated Financial Statements

(continued)

12. Property, plant and equipment (continued)

Company

	Plant and equipment £	Total £
COST		
Balance at 1 March 2015	—	—
Acquired from subsidiary	257,888	257,888
Balance at 28 February 2016	257,888	257,888
Balance at 1 March 2016	257,888	257,888
Additions	—	—
Balance at 31 December 2016	257,888	257,888
DEPRECIATION		
Balance at 1 March 2015	157,888	157,888
Depreciation	—	—
Impairment	—	—
Balance at 28 February 2016	157,888	157,888
Balance at 1 March 2016	157,888	157,888
Depreciation	—	—
Impairment	100,000	100,000
Balance at 31 December 2016	257,888	257,888
Carrying amounts		
At 31 December 2016	—	—
At 28 February 2016	100,000	100,000

On 29 July 2015, the Company entered into a contract with Kalahari Civils CC ("**Kalahari**"), a Namibian corporation, to sell its mobile plant and certain other smaller items to Kalahari. The agreement specified that the equipment was to be delivered to Kalahari at Sonnberg's mine site on 31 July 2016.

In the event, Namdeb, as responsible for security in the area, refused to permit delivery to Kalahari, although the contract between Sonnberg and Namdeb did not allow such refusal.

On 23 September 2015, a revised contract between the Company and Kalahari was agreed.

Delivery was made in accordance with the revised contract, but some items were not actually removed from Sonnberg's mine site by Kalahari.

The Company now believes that Kalahari may be unable to pay the sums due, and that the likely outcome is that it will recover the plant and equipment from Kalahari and seek to sell it elsewhere.

Discussions with potential purchasers for the fixed plant have, to date, not resulted in an offer acceptable to the Company and, at the time of the approval of the financial statements, it is the intention of the Company to dissolve the mining subsidiary.

Under these circumstances, the accounts have been drawn up on the assumption that the sale contract is null and void, and the total value of the plant has been fully impaired.

Notes to the Consolidated Financial Statements

(continued)

13. Intangible assets

Group

	Mining rights £
COST	
Balance at 1 March 2015	1,153,852
Exchange difference	—
Balance at 28 February 2016	1,153,852
Balance at 1 March 2016	1,153,852
Exchange difference	—
Balance at 31 December 2016	1,153,852
AMORTISATION	
Balance at 1 March 2015	1,153,852
Charge for the year	—
Impairment	—
Exchange difference	—
Balance at 28 February 2016	1,153,852
Balance at 1 March 2016	1,153,852
Charge for the year	—
Impairment	—
Exchange difference	—
Balance at 31 December 2016	1,153,852
Carrying amounts	
Balance at 31 December 2016	—
Balance at 28 February 2016	—

The mining rights owned by the Group have been fully written down as, at the date of the approval of the financial statements, it is the intention of the Group to dissolve the mining subsidiary.

Notes to the Consolidated Financial Statements

(continued)

14. Fixed asset investment

	Group undertaking £	Loan to Group undertaking £	Total £
Cost			
Balance at 1 March 2015	2,828,211	2,794,753	**5,622,964**
Advances	—	22,420	**22,420**
Transfers	—	—	**—**
Balance at 28 February 2016	2,828,211	2,817,173	**5,645,384**
Balance at 1 March 2016	2,828,211	2,817,173	**5,645,384**
Advances	—	—	**—**
Transfers	—	—	**—**
Balance at 31 December 2016	2,828,211	2,817,173	**5,645,384**
Provisions for diminution in value			
Balance at 28 February 2015	2,828,211	2,794,753	**5,622,964**
Impairment in year	—	22,420	**22,420**
Balance at 28 February 2016	2,828,211	2,817,173	**5,645,384**
Provisions for diminution in value			
Balance at 1 March 2016	2,828,211	2,817,173	**5,645,384**
Impairment in period	—	—	**—**
Balance at 31 December 2016	2,828,211	2,817,173	**5,645,384**
At 31 December 2016	—	—	**—**
At 28 February 2016	—	—	**—**

Investment in Group undertaking is in relation to a 100 per cent holding in Sonnberg, a mining company incorporated in Namibia.

The loan to Group undertaking is denominated in GBP, and is interest free.

15. Trade and other receivables

Group

	31 December 2016 £	28 February 2016 £
Other receivables	84,346	58,205

Company

	31 December 2016 £	28 February 2016 £
Other receivables	84,346	21,489

The Group and Company's exposure to credit and currency risk is disclosed in note 21.

There is no material difference between the fair value of trade and other receivables and their book value.

Notes to the Consolidated Financial Statements

(continued)

16. Cash and cash equivalents

Group

	31 December 2016 £	28 February 2016 £
Bank balances	2,078	1,231
Cash and cash equivalents	2,078	1,231

Company

	31 December 2016 £	28 February 2016 £
Bank balances	2,078	1,231
Cash and cash equivalents in the statement of cash flows	2,078	1,231

There is no material difference between the fair value of cash and cash equivalents and their book value.

17. Trade and other payables

Group

	31 December 2016 £	28 February 2016 £
Trade payables and accruals	945,095	202,792
Loans from current and former directors	83,996	83,996
	1,029,091	286,788

Company

	31 December 2016 £	28 February 2016 £
Trade payables and accruals	939,720	197,417
Loans from current and former directors	83,996	83,996
	1,023,716	281,413

There is no fixed date for repayment of the loans, which are interest-free.

The Group's and Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 21.

There is no material difference between the fair value of trade and other payables and their book value.

18. Loans and borrowings

Group

	31 December 2016 £	28 February 2016 £
Other loans	50,000	—

Company

	31 December 2016 £	28 February 2016 £
Other loans	50,000	—

Other loans became repayable on 31 October 2016. As the loan was not repaid by this date, interest is chargeable at 12 per cent per annum until full repayment is made. The loan was repaid in full on 10 March 2017.

Notes to the Consolidated Financial Statements

(continued)

19. Share capital

	Number of shares	
	31 December 2016	28 February 2016
In issue at period end – fully paid:		
Ordinary shares of 1p each	—	86,998,615
Ordinary shares of 5p each	1,739,972	—
Deferred shares of 9p each	39,922,460	39,922,460
B deferred shares of 0.9p each	86,998,615	—

	Share capital	
	31 December 2016 £	28 February 2016 £
In issue at period end – fully paid:		
Ordinary shares of 1p each	—	869,987
Ordinary shares of 5p each	86,999	—
Deferred shares of 9p each	3,593,021	3,593,021
B deferred shares of 0.09p each	782,988	—
	4,463,008	4,463,008

The holders of deferred shares are not entitled to receive dividends or to vote at meetings of the Company and have no material interest in the Company's residual assets.

Issues of ordinary shares

On 13 March 2015, the Company capitalised £639,600 of interest-free loans advanced by directors and former directors and their associates by the issue of 13,465,263 ordinary shares of 1p each at 4.75p per share.

Out of the total of 13,465,263 ordinary shares, 4,383,158 ordinary shares were issued to B M Moritz, a director of the Company, in settlement of loans of £208,200, 8,976,842 ordinary shares were issued to a former director, Lord Sheppard of Didgemere, in settlement of loans of £426,400, and 105,263 ordinary shares were issued to A C A Carlton, in settlement of loans of £5,000.

Following a reorganisation on 25 July 2016, the Company's share capital comprised 1,739,972 Ordinary shares of 5p each, 39,922,460 Deferred shares of 9p each and 86,998,615 B deferred shares of 0.09p each at 31 December 2016.

20. Provisions

Group

	31 December 2016 £	28 February 2016 £
Balance brought forward	123,524	70,000
Provision made during the year	—	53,524
	123,524	123,524

The mining contract undertaken by the Group requires the subsidiary, Sonnberg, to remove all equipment and installations and to rehabilitate all disturbed areas once mining activities have ceased. Sonnberg has historically paid one per cent of sales to a fund held by Namdeb to provide for the costs of environmental rehabilitation. An amount of £123,524 has been provided for rehabilitation costs in excess of the one per cent, based on internal estimates. This liability is solely with Sonnberg, and has not been guaranteed by the Company.

At the time of approval of the financial statements, it is the intention of the Group to dissolve the mining subsidiary. If, upon dissolution, the rehabilitation costs have not been expended, the provision will be written back, as it has not been guaranteed by the Company. Under these circumstances, the directors believe that the provision should be shown as a current liability of the Group.

Notes to the Consolidated Financial Statements

(continued)

21. Financial instruments and financial risk management

Overview

The Group has exposure to the following risks arising from financial instruments.

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Company's directors have overall responsibility for the establishment and oversight of the Group's risk-management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Group

		Carrying amount	
	Note	31 December 2016 £	28 February 2016 £
Other receivables	15	84,346	58,205
Cash and cash equivalents	16	2,078	1,231
		86,424	59,436

Company

		Carrying amount	
	Note	31 December 2016 £	28 February 2016 £
Other receivables	15	84,346	21,489
Cash and cash equivalents	16	2,078	1,231
		86,424	22,720

Notes to the Consolidated Financial Statements

(continued)

21. Financial instruments and financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

Group

31 December 2016

	Carrying amount £	2 months or less £	2 to 12 Months £
Non-derivative financial liabilities			
Loans	133,996	133,996	—
Trade payables	740,808	—	740,808
	874,804	133,996	740,808

28 February 2016

	Carrying amount £	2 months or less £	2 to 12 Months £
Non-derivative financial liabilities			
Loans	83,996	83,996	—
Trade payables	195,309	32,550	162,759
	279,305	116,546	162,759

Company

31 December 2016

	Carrying amount £	2 months or less £	2 to 12 Months £
Non-derivative financial liabilities			
Loans	133,996	133,996	—
Trade payables	739,916	—	739,916
	873,912	133,996	739,916

28 February 2016

	Carrying amount £	2 months or less £	2 to 12 Months £
Non-derivative financial liabilities			
Loans	83,996	83,996	—
Trade payables	194,417	32,400	162,017
	278,413	116,396	162,017

Notes to the Consolidated Financial Statements

(continued)

21. Financial instruments and financial risk management (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's and Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to foreign currency risk on purchases that are denominated in currencies other than GBP. The currencies giving rise to this risk were primarily the Namibian Dollar and, in the future, will primarily be the US Dollar and the Central African Franc.

Other risks

The directors believe that both the Republic of the Congo and Namibia are currently stable business environments, particularly in the natural resources sector. However, unforeseen changes in political, fiscal or legal systems may affect the ownership or operation of the Group's interests, including, *inter alia*, changes in government and the legislative and regulatory regimes.

Capital management

The Group's and Company's objective when managing capital is to safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds, in order to support continued operations. The Company considers its capital to comprise equity capital and loans from current and former directors less accumulated losses.

22. Related parties

During the year, the Company received further loans from B M Moritz of £nil (Year ended 28 February 2016: £77,996). The balance owed at the year-end was £83,996 (Year ended 28 February 2016: 83,996). The loan is interest free and with no repayment terms.

Included within accruals is an amount of £50,000 related to fees to be charged by two directors in exchange for them providing personal guarantees during the period.

23. Capital commitments

The Company has conditionally agreed to acquire the whole of the issued share capital of Petro Kouilou SA, a company incorporated in the Republic of the Congo, which is the majority owner of the Tilapia oilfield, for a consideration of US$5 million, comprising US$2.5 million in cash and US$2.5 million in the ordinary shares of the Company.

24. Subsequent events

Admission to AIM

On 6 March 2017, the Company issued 51,410,578 ordinary shares, of which 50 million ordinary shares were issued at 20 pence per share, generating gross cash proceeds of £10,000,000 and 1,410,578 ordinary shares were issued to satisfy liabilities of the Company. The ordinary shares were admitted to trading on AIM.

Acquisition of Petro Kouilou SA

On 15 March 2017, AAOG finalised the "Initial Completion" of the Initial Shares in Petro Kouilou SA, a company registered in the Republic of the Congo, acquiring the shares from Sister Holding SA. At Initial Completion, 49 per cent of the issued share capital was acquired for US$2.5 million and the Group is in the process of acquiring the balance as set out in note 23. Details of the process and structure of the Acquisition of Petro Kouilou SA are set out in Section 10 of Part I and Section 11 of Part VIII of the Admission Document published on 6 March 2017, which can be found on the Company's website (www.aaog.co).

Change of accounting reference date

The directors decided to shorten the accounting period from the 12 months ended 28 February to the ten months ended 31 December in order to bring the accounting reference date in to line with that of the Company's operating subsidiary, Petro Kouilou SA. The change in accounting reference date means that the amounts presented in the comparative information are not entirely comparable.

Notice of Annual General Meeting

Notice is given that the 2017 annual general meeting of Anglo African Oil & Gas plc (the "Company") will be held at the offices of finnCap Ltd, 60 New Broad Street, London, EC2M 1JJ on 29 June 2017 at 11.00am for the following purposes:

To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:

1. To receive the Company's annual accounts and the strategic, directors' and auditors' reports for the period ended 31 December 2016.

2. To reappoint David Sefton, who retires by rotation, as a director of the Company.

3. To reappoint Peter-John Davies, who has been appointed by the board since the last annual general meeting, as a director of the Company.

4. To reappoint Crowe Clark Whitehill LLP as auditors of the Company.

5. To authorise the directors to determine the remuneration of the auditors.

6. That, pursuant to section 551 of the Companies Act 2006 (the "**Act**"), the directors be generally and unconditionally authorised to allot Relevant Securities:

   6.1 up to an aggregate nominal amount of £885,842.50; and

   6.2 comprising equity securities (as defined in section 560(1) of the Act) up to a further aggregate nominal amount of £885,842.50 in connection with an offer by way of a rights issue:

      6.2.1 to holders of ordinary shares in the capital of the Company in proportion (as nearly as practicable) to the respective numbers of ordinary shares held by them; and

      6.2.2 to holders of other equity securities in the capital of the Company, as required by the rights of those securities or, subject to such rights, as the directors otherwise consider necessary,

   but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or any legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange, provided that these authorities shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on 29 June 2018 (whichever is the earlier), save that, in each case, the Company may make an offer or agreement before the authority expires which would or might require Relevant Securities to be allotted after the authority expires and the directors may allot Relevant Securities pursuant to any such offer or agreement as if the authority had not expired.

   In this resolution, "**Relevant Securities**" means shares in the Company or rights to subscribe for or to convert any security into shares in the Company; a reference to the allotment of Relevant Securities includes the grant of such a right; and a reference to the nominal amount of a Relevant Security which is a right to subscribe for or to convert any security into shares in the Company is to the nominal amount of the shares which may be allotted pursuant to that right.

   These authorities are in addition to all existing authorities under section 551 of the Act.

To consider and, if thought fit, to pass the following resolutions as special resolutions:

7. That, subject to the passing of resolution 6 and pursuant to section 570 of the Act, the directors be and are generally empowered to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authorities granted by resolution 6 as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

   7.1 in connection with an offer of equity securities (whether by way of a rights issue, open offer or otherwise, but, in the case of an allotment pursuant to the authority granted by paragraph 6.2 of resolution 6, such power shall be limited to the allotment of equity securities in connection with an offer by way of a rights issue):

7.1.1 to holders of ordinary shares in the capital of the Company in proportion (as nearly as practicable) to the respective numbers of ordinary shares held by them; and

7.1.2 to holders of other equity securities in the capital of the Company, as required by the rights of those securities or, subject to such rights, as the directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or any legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange; and

7.2 otherwise than pursuant to paragraph 7.1 of this resolution, up to an aggregate nominal amount of £265,752.75,

and this power shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on 29 June 2018 (whichever is the earlier), save that the Company may make an offer or agreement before this power expires which would or might require equity securities to be allotted for cash after this power expires and the directors may allot equity securities for cash pursuant to any such offer or agreement as if this power had not expired.

This power is in addition to all existing powers under section 570 of the Act.

8. That, pursuant to section 701 of the Act, the Company be and is generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of £0.05 each in the capital of the Company ("**Shares**"), provided that:

8.1 the maximum aggregate number of Shares which may be purchased is 5,315,055;

8.2 the minimum price (excluding expenses) which may be paid for a Share is £0.05;

8.3 the maximum price (excluding expenses) which may be paid for a Share is an amount equal to 105 per cent of the average of the middle-market quotations for a Share as derived from the Daily Official List of the London Stock Exchange plc for the five business days immediately preceding the day on which the purchase is made,

and (unless previously revoked, varied or renewed) this authority shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or on 29 June 2018 (whichever is the earlier), save that the Company may enter into a contract to purchase Shares before this authority expires under which such purchase will or may be completed or executed wholly or partly after this authority expires and may make a purchase of Shares pursuant to any such contract as if this authority had not expired.

By order of the board

David Sefton
Executive Chairman

Dated: 2 June 2017

Registered office

27-28 Eastcastle Street
London W1W 8DH
Registered in England and Wales No. 04140379

Notice of Annual General Meeting

(continued)

Notes

1. Entitlement to attend and vote

The right to vote at the meeting is determined by reference to the register of members. Only those shareholders registered in the register of members of the Company as at 11.00am on 27 June 2017 (or, if the meeting is adjourned, no later than 48 hours (excluding any part of a day that is not a business day) before the time of any adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries in the register of members after that time shall be disregarded in determining the rights of any person to attend or vote (and the number of votes they may cast) at the meeting.

2. Proxies

2.1 A shareholder is entitled to appoint another person as his or her proxy to exercise all or any of his or her rights to attend and to speak and vote at the meeting. A proxy need not be a shareholder of the Company.

2.2 A shareholder may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. Failure to specify the number of shares each proxy appointment relates to or specifying a number which when taken together with the numbers of shares set out in the other proxy appointments is in excess of the number of shares held by the shareholder may result in the proxy appointment being invalid.

2.3 A proxy may only be appointed in accordance with the procedures set out in this note 2 and the notes to the proxy form.

2.4 The appointment of a proxy will not preclude a shareholder from attending and voting in person at the meeting.

2.5 A form of proxy is enclosed. When appointing more than one proxy, complete a separate proxy form in relation to each appointment. Additional proxy forms may be obtained by contacting the Company's registrar, Share Registrars Limited, on +44 1252 821 390 or the proxy form may be photocopied. State clearly on each proxy form the number of shares in relation to which the proxy is appointed.

2.6 To be valid, a proxy form must be received by post or (during normal business hours only) by hand at the offices of the Company's registrar, Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR, no later than 11.00am on 27 June 2017 (or, if the meeting is adjourned, no later than 48 hours (excluding any part of a day that is not a business day) before the time of any adjourned meeting).

3. Corporate representatives

A shareholder which is a corporation may authorise one or more persons to act as its representative(s) at the meeting. Each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder, provided that (where there is more than one representative and the vote is otherwise than on a show of hands) they do not do so in relation to the same shares.

4. Biographical details of directors

Biographical details of those directors who are offering themselves for reappointment at the meeting are available to view on the Company's website, www.aaog.co.

5. Documents available for inspection

Copies of the Company's annual accounts and the strategic, directors' and auditors' reports for the period ended 31 December 2016 will be available for inspection during normal business hours at the register office of the Company and at the offices of finnCap Ltd, 60 New Broad Street, London EC2M 1JJ from the date of this notice until the time of the meeting. They will also be available for inspection at the place of the meeting from at least 15 minutes before the meeting until it ends.

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Registered office

27-28 Eastcastle Street
London W1W 8DH

www.aaog.co