Registered number: 04140379

ANGLO AFRICAN OIL & GAS plc

ANNUAL REPORT

YEAR ENDED 31 DECEMBER 2018

ANGLO AFRICAN OIL & GAS plc

CONTENTS

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Dear shareholder,

This annual report covers the twelve months to 31 December 2018, during which period the Company has drilled its much anticipated new well at the Tilapia field. A detailed summary of the year under review and the prospects for the future is included in the Group Strategic Report.

Tilapia

TLP-103C
The original premise of the Company at its IPO was to see if the Mengo and, most importantly, the Djeno could be brought into production within the licence area. At the same rates as seen elsewhere, just one well from the Djeno could result in 5,000/bopd of production, resulting in substantial gross revenues. Having onshore production facilities would then allow for the costs to be managed such that the Company would have substantial net free cashflow and be able to support a dividend.

Following the successful results of well TLP-103C, which have been further confirmed in the recent CPI results released to the market, we have moved close to achieving this aim. While there remain operational and technical risks in bringing the Djeno into production, the prospects are clearly better defined than when we started and the risks are much lower.

We are therefore excited to be moving into the production phase. James Berwick and his operational team have been working hard to refine the plan to give the Company the best chance of success. We now know that the resources are there: we just need to implement a plan that optimises the likelihood of extracting them.

You will see that we have impaired the valuation of TLP-103C to take account of specific costs incurred in the abortive drilling of TLP-103, which was stopped when the rig became unstable. We concluded that these costs would have no future long-term economic benefit for the Group. It is important to note that this impairment has no impact on the prospects for TLP-103C; indeed, having to relocate the rig from TLP-103 had some benefit in drilling TLP-103C

TLP-101 and TLP-102
Although we believe that we will be able to produce from these wells for a considerable time into the future, we are now concentrating on TLP-103C (and potentially further wells). The existing production from TLP-101 is not of itself economically viable, and we have therefore fully impaired the value of the oil & gas assets in these financial statements.

Finance
We recognise the need to protect the interests of members and are actively developing plans that will enable the Company to grow and develop the Tilapia asset through re-investment of cashflow as well as through other sources of capital, such as offtake financing. Clearly, bringing TLP-103C into production is the critical first step in our ability to do this and we are examining our financing plans to facilitate this. The Company is in receipt of several offers of capital finance, which it is considering, and the Company is consulting with its major shareholders. Nevertheless, we accept that, at the date of this report, there is an issue in respect of going concern, which is acknowledged in the financial statements.

Licence over Tilapia
We are pleased that the Congolese authorities have offered a new 25-year licence for Tilapia. James Berwick is ably leading negotiations on the production-sharing agreement and other underlying documents, which we aim to get agreed as soon as possible.

Overall strategy
At the moment, the focus is on production from TLP-103C. We have also progressed plans for the full development of the Tilapia field. In addition, we have progressed discussions on new asset opportunities that fit with the Company's continued strategy of becoming a lean, profitable oil producer with a focus on the bottom

line and a clear and unswerving commitment to the payment of dividends. Any new assets must bring accretive value to the shareholders

We look forward to progressing these discussions further and will keep members updated on progress. By the end of 2019, we expect the value of, and prospects for, the Company to be very different from what they are today.

David Sefton
Executive chairman

28 June 2019

Dear shareholder,

I am pleased to provide an operational update on the Group.

TLP-101

TLP-101 produced at an average rate of 38 bopd for most of 2018 and continues to produce at a stable rate. Due to the works completed in the last period, we are able periodically to increase production for extended periods. Work continues to assess whether TLP-102 is suitable to become a water-injector to assist TLP-101 to maximise flow.

TLP-102

As stated above, the Company has completed an engineering study to ascertain whether TLP-102 is in connection with TLP-101, which would mean that it could be used as a water-injector to maximise flow rates from TLP-101. Initial results look positive; the operations team are completing pressure monitoring between the two wells, which will result in a forward work plan. After the year-end, gas came to the surface through the well, which is being monitored.

We have, nevertheless, reviewed the carrying value of these two wells in light of the priority that we are now giving to TLP-103C and what is likely to be only a marginal increase in production resulting from further investment in them. For these reasons, we have taken the prudent step of fully impairing the value of these wells in the financial results of the Group.

TLP-103C

Drilling of TLP-103C was completed in January 2019. The well was successful, encountering hydrocarbons (both oil and gas) at all three target horizons. The well, in accordance with the original plan, was then plugged back to the Mengo horizon in order to produce via comingling the Mengo and R2 reservoirs.

After several weeks of settling, and unexpectedly, pressure began to rise at the well head. In order to manage this pressure, the well was bled off and, during this bleed, oil was produced at surface along with gas and water. Following this initial bleed, the well has been bled weekly in order to manage pressure. Over this period, the well has continued to produce oil and gas, and the water content has subsided. The well now flows without any assistance for the entire duration of the bleed without a drop in its flow.

The oil has been collected and then tested by both the Total laboratory in Pointe Noire and the Congolese state refinery. Both tests show an oil quality of 43 API; due to the characteristics of the oil and the well design, it is calculated that this oil is from the Djeno reservoir, leaking to surface under associated gas pressure through a fracture in the concrete plug.

This welcome news has confirmed the potential of the Djeno reservoir in our block. As a result, the Company has taken the decision to target the Djeno for production from TLP-103C.

However, we incurred expense in our attempt to drill TLP-103, which we had to shut in once the drilling rig became unstable. These costs will generate no long-term economic benefit for the Company. We therefore decided to impair the value of our exploration and evaluation assets by writing off those costs associated solely with TLP-103.

TLP-103C drilling plan

In order to produce from the Djeno, we intend to side-track the well into what we feel may be the optimal part of the reservoir, first testing the deeper Djeno exploration potential but then producing from the top Djeno, where two CPI reports have indicated a good-to-excellent reservoir potential. The side-track is a 25-30-day programme and we intend to complete this work before the end of the year, subject to rig availability. This is explained in more detail in the Group strategic report.

Results for the year

The Group's loss for the year of £11.8 million includes £6.4 million for the impairments referred to above and the partial provision made against the debt from SNPC. However, as is noted in the Group strategic report, we have invested considerable sums over the past 18 months in the drilling operations across Tilapia and in the deployment of highly experienced consultants to ensure that we plan and operate to the highest standards in all our operations, particularly in respect of minimising health & safety and environmental risks. I fully expect to see this investment bear fruit in the months to come.

Finance

The Company is currently assessing its options for the funding for the next stage of development. We are encouraged to have received monthly payments from Société Nationale de Pétroles du Congo ("**SNPC**") in part settlement of their debt owed to the Company, which has been used to finance the Group's ongoing working capital requirements.

Business development

Our top priority remains the optimisation of our TLP-103C well-development programme. We do however continue to review other opportunities.

Summary

The period relating to this report has produced encouraging results at TLP-103C. We now look forward to bringing the well on-line, producing from the Djeno reservoir and making the Company cash-flow positive as soon as possible.

James Berwick
Chief executive officer
28 June 2019

Group strategic report for the year ended 31 December 2018

The directors present the strategic report of Anglo African Oil & Gas plc ("**AAOG**" or the "**Company**") and its trading subsidiary (together, the "**Group**") for the year ended 31 December 2018. The Company was incorporated in England and Wales on 12 January 2001.

Principal activity

The Group owns 100 per cent of an oil and gas company, Petro Kouilou SA ("**PK**"), situated in the Republic of the Congo ("**the Congo**"). Through PK, it holds a 56 per cent stake in the producing Tilapia oil field ("**Tilapia**") in the Congo.

Group strategy

The directors intend to secure the Company's financial stability over the next twelve months by producing from the well TLP-103C ("**TLP-103C**") that was drilled in late 2018. This plan is explained in more detail below. If production from TLP-103C is successful, the impact on the Company's cash flow and prospects will be transformational. Further development of the existing producing well may take place once production from the deeper horizons has been consolidated.

Review of the year

Although the financial results for the year appear disappointing, particularly because oil production has not increased, the Company has been prudent in making three impairment provisions, which are discussed in greater detail below. Importantly, considerable progress has been achieved on the operational front. The Company made a substantial investment in drilling TLP-103C , which confirmed oil in all the horizons that were targeted, built a balanced and experienced team, achieved significant progress towards the grant of a new licence and developed a detailed plan to capitalise on the probable reserves in the Djeno horizon (the "**Djeno**"). The Djeno has always been the target that has most excited investors because it has the possibility of being transformative for AAOG.

Financial results

The Group reports a loss from operating activities of £11.8 million for the year to 31 December 2018.

Described in this report:

1. Small reduction in income because TLP-101 was shut in for the workovers and during the drilling programme for TLP-103C
2. Full impairment of the carrying value of TLP-101 and TLP-102 (£3.4m)
3. Impairment of the carrying value of TLP-103C (£1.5m)
4. Impairment of the carrying value of the receivable from SNPC (£1.5m)

Included in administration expenses

5. Costs relating to a potential acquisition (£0.3m)
6. Personnel costs (£1.6m)
7. Legal fees (£0.6m)
8. Travel and associated costs (£0.9m).

Capital investment

During 2018, the Group invested £9.6 million gross (£5.4 million net of the contribution due from its partner, SNPC) into developing TLP-103C. The Tilapia development expenditure incurred has enabled the Group to discover oil across a total of 56 metres in all the horizons through which it drilled. This success has resulted in the drilling programme currently planned for the latter half of 2019, which is described below.

Key performance indicators (KPIs)

The Group is focused almost exclusively over the next six to twelve months on drilling a side-track into the

Djeno and producing commercially significant quantities of high-grade oil from it. If this endeavour is not sufficiently successful, the directors will seek to produce from the Mengo as well as optimising production from TLP-101.

Barrels of oil per day is currently monitored and reviewed daily. Once production from Tilapia has increased, this will become the key KPI for the operation in Congo.

Personnel

James Berwick was appointed Chief Executive Officer to replace Alex MacDonald in January 2018. Jeremy Patullo and David Livingston joined in August 2018 as director of finance (projects) and director of operations respectively. The operational team in the Congo was strengthened considerably by the presence of several specialist consultants and AAOG has engaged further expertise since the year-end.

TLP-101 and TLP-102

Following the successful work to disconnect, clean through and reconnect the flowlines to well TLP-101 ("**TLP-101**") during April 2018, and testing of flow through the annulus, the well was then re-directed to production through the coiled tubing. TLP-101 was taken offline during the drilling programme for TLP-103 and TLP-103C. Since then, TLP-101 has been producing consistently for the period from December 2018 to June 2019 at an average of 33 barrels of oil per day ("**bopd**"). Production is regulated by the choke, and in its current configuration, TLP-101has produced at levels between 25 and 55 bopd.

In May, testing of the R2 reservoir in TLP-102 confirmed the presence of hydrocarbons and pressure within the reservoir. However, despite reperforation and acidisation, the well did not flow oil. While it is believed that the well is connected to TLP-101 and could be used as a water injector for that well, achieving production from TLP-102 is no longer a priority for the Company.

Impairment

The directors have reviewed the carrying value of these two wells in light of the results of the workovers during 2018 and the revised plan to develop TLP-103C as a priority in 2019. It is considered unlikely that TLP-101 and TLP-102 would ever, on a standalone basis, be commercially viable, although the directors believe that they could generate useful marginal revenue for long into the future. For these reasons, the directors have fully impaired the value of these two wells (*2017 - £2.6 million*) as at 31 December 2018.

Drilling TLP-103 and then 103C

This time last year, it was anticipated that, after the fundraise in June 2018 raising £7.4 million gross, PK would have drilled TLP-103 by October and higher production from the Mengo (and possibly from TLP-101/102 following the workovers) would be reflected in the Group's FY18 year-end results. The delays caused mainly by (i) the instability of the SMP rig and the subsequent need to reposition it over TLP-103C and (ii) the rig's poor condition both contributed to AAOG suffering considerable overruns on capital and running costs during the year without any increased offsetting sales revenue.

Impairment

The directors have reviewed the carrying value of the exploration and evaluation assets (namely, TLP-103C) in light of the expenditure incurred on TLP-103 before that well site had to be relocated following the subsidence of the rig. A full analysis of the costs incurred exclusively on TLP-103 has been carried out and the directors have written down the valuation of the Company's share of the exploration and evaluation assets (within intangible assets) by £1.5 million.

New licence

Discussions about the issue of a new 25-year licence to replace the existing one that expires on 15 July 2020 have made good progress. The Tilapia site and the Group's field-development plan were subject to audits and analysis by the Director-General of Hydrocarbons ("**DGH**") to ensure that AAOG was committed to invest sufficiently in the field. In April 2019, a letter was received from the Ministry offering the 25-year licence subject to final negotiations, which commenced in June 2019.

The directors have assessed the carrying value of the well TLP-103C on the basis that the licence would be renewed on commercially acceptable terms.

SNPC

AAOG has a considerable debtor balance with Société Nationale de Pétroles du Congo ("**SNPC**"), because, throughout the period since the Company's IPO in March 2017, SNPC has been unable to honour its commitment to pay 44 per cent share of the drilling and ancillary costs as they were incurred by PK. SNPC's unpaid share reached approximately US$8.5 million (a figure agreed by SNPC as its share after a comprehensive audit of PK's books) at the beginning of 2019 following the TLP-103C drilling campaign.

In March 2019, SNPC made the first repayment of its debt, namely US$0.60 million. A further repayment of US$0.67 million was received in April and a third (US$0.72 million) was received in May. SNPC have confirmed in writing that they acknowledge the debt, recognise that the delays in making these payments have caused harm to PK's operations, and expect the payments to increase from July 2019 onwards. The total balance owing by SNPC to PK at the date of this report is approximately £4.7 million.

Impairment

The directors have considered the likelihood of full recoverability of this debt, which had been fully provided against at 31 December 2017 (£0.23 million), at which time no payments had been received by SNPC. They have taken into account the amount of the payments already made, that these payments were made monthly as promised, that these costs have been audited and agreed by SNPC, and that SNPC acknowledges the full amount of the debt and has stated its intention to meet its obligations over the coming months at a rate that will extinguish the amount owing by the end of the current licence period. The directors consider that it is prudent to make a partial provision of £1.5 million (US$2 million) against the debt due from SNPC. If the debt is repaid in full, this provision will be written back. The resultant balance of the receivable from SNPC in the accounts of the Group at 31 December 2018 is US$4.8 million (£3.8 million).

Issue of convertible loan notes

The delays in drilling and the SNPC cash shortfall meant that AAOG needed to raise further capital in November. The Company issued £1 million of convertible loan notes, which were almost immediately converted into ordinary shares at 6.3 pence per share.

Fundraise in January 2019

A fundraise of £6 million at 10 pence per share took place in January 2019. This provided development and working capital while the team drew up detailed plans for the next stage of the drilling campaign.

Results from drilling TLP-103C

The beginning of 2019 saw the results of the drilling of TLP-103C, which proved the existence of columns of hydrocarbons at the RI/R2 (five metres), a new horizon between R3 and the Mengo (13 metres), and the Mengo horizon itself (26 metres). At the end of January 2019, it was confirmed that the upper Djeno displayed a 12-metre column, with the expectation of further (middle and potentially lower) Djeno reservoirs below the final depth (FD) of 2,683 metres.

During the three months between February and April 2019, AAOG focused on how best to release value from Tilapia, primarily in the context of whether to (i) drill into the Mengo, which would require waiting for fracking equipment to be available in country (and subsequently fracking), or (ii) produce from the Djeno, which would require re-entering the well and either drilling through the cement plugs or drilling a side-track. This decision became easier at the end of March, when AAOG announced that high-quality oil, which preliminary analysis showed had almost certainly come from the Djeno, had risen to the surface under its own pressure. As a result, the development plan was changed: see '*Future development of the Group*' below.

Future development of the Group

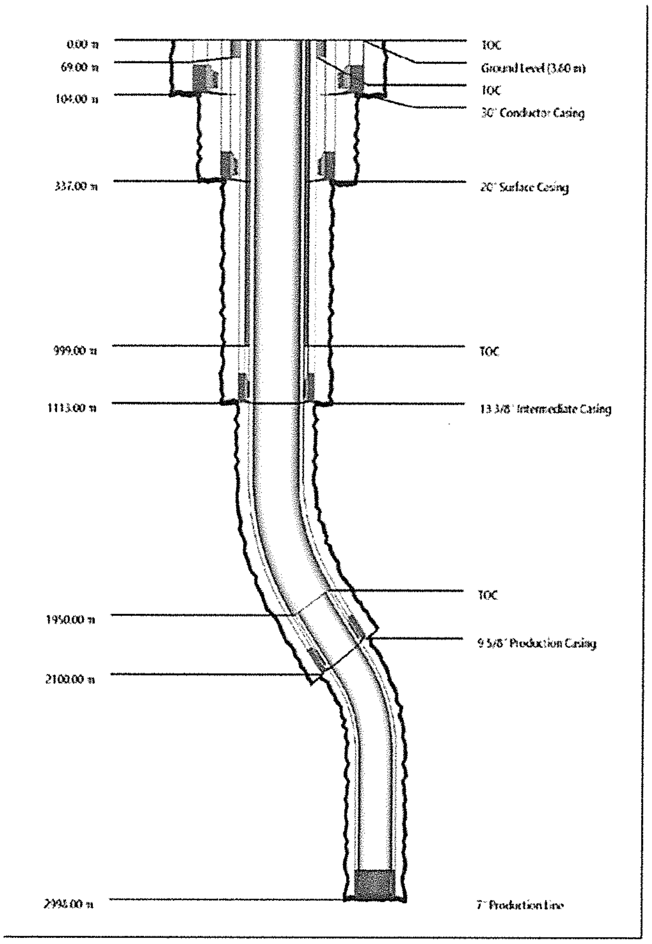
The Group is currently solely focused on enhancing production from Tilapia. It was always intended to produce from the Djeno and, following the discovery of oil reaching the surface under its own pressure, this has now become the key priority for AAOG. The five stages of the full field development plan are described below.

Stage One – The largest potential increase in the value of Tilapia is still expected to be achieved by drilling into the deeper geological structures, particularly the Djeno, which Tilapia shares with surrounding fields. The oil that flowed to the surface has an API of 43, and it is considered very likely that it flowed from the Djeno The well will be drilled using a side-track into the Middle Djeno and then pulled back into the Upper Djeno to produce.

Stage One can usefully be divided into four separate actions, and illustrated by the diagram below:

i. *Re-enter TLP-103C*
   Rig up onto the existing TLP-103C well head and then drill through the two cement plugs inside the $9^{5/8}$" casing in preparation for drilling the new side-track

ii. *Drill new 8½" side-track*
   Drill a new 8 ½" hole section as per the directional-drilling plan, penetrating both the Upper and Middle Djeno formations, and then acquire a comprehensive suite of formation evaluation logs across the Djeno reservoirs



iii. *Set 7" liner*
   Run and cement a string of 7" liners across the open-hole interval in readiness for producing from either the Middle or Upper Djeno

iv. *Perforate Djeno formation*
Use high-shot density perforation guns to perforate the Djeno prior to running the completion string. Following that, clean up the well before putting TLP-103C-ST1 onto production, utilising the existing enhanced surface facilities.

Stage Two – Not only did the drilling of TLP-103C show a 26-metre column in the Mengo Sands (the "**Mengo**") but also found 13 metres of oil columns across new horizons between the R3 and the Mengo. The current plan is to perforate the well at the Mengo and/or Pointe Indienne R1/R2 reservoir once the Djeno drill has been completed. This should further increase daily production, with a positive effect on cash flows and asset value. Should the Djeno sidetrack be unsuccessful at both depths, the Company plans to perforate the well at the Mengo and/or Pointe Indienne R1/R2 reservoir, as these reservoirs continue to provide the Group with a strong alternative to increased daily production, cash flow and profitability.

Stage Three – The Company may then develop TLP-101 to enhance its production. The data received to date suggest that this well, which is considered likely to be joined to TLP-102, may have an expected production life of up to 50 years and could therefore generate material annuity income if production exceeded 100 bopd.

Stage Four - Depending on the results achieved from the drill into the Djeno, the Company will consider drilling into a further, deeper horizon, the Vandji, via a new well.

Stage Five - A ten-well development plan for Tilapia is under discussion with the DGH, and the scale and speed of its execution will depend on the results from the stages described above and the finalisation of attractive terms for the new licence over Tilapia that is currently being negotiated.

The directors believe this development programme is commercially attractive because:

1. ***Low cost*** - the directors believe that PK can break even at modest rates of oil production (approximately 800 bopd) as long as the price of Brent Crude oil, which largely mirrors the price achieved by PK, remains in excess of US$35 per barrel.

2. ***Upside*** – as described above, the drilling programme into the Djeno provides the opportunity for significant upside to the existing production. Further, while the Djeno represents the most significant potential upside to the Company, the directors believe that a profitable, valuable business can be developed from producing from the Mengo alone.

3. ***Existing production and storage facilities in place*** - the existing topside facilities have been constructed to international standards and are fully amortised. While the directors consider that PK's facilities currently have sufficient capacity for production of approximately 2,500 bopd, the intention is to upgrade them to handle higher levels of production.

4. ***Already in production*** – Tilapia is already producing.

5. ***Ability to drill from on-shore*** - Tilapia is near off-shore, being only 1.8 kilometres from the coastline. This gives PK the considerable advantage of being able to drill from on-shore using deviated wells, at a considerably reduced cost compared to off-shore 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*** – During the past eighteen months, the Group has successfully obtained the equipment that it has needed to carry out its production and development activities. PK is sourcing the required equipment and do not anticipate unreasonable delays. Production scheduling takes account of timing.

Potential new assets

At present, the Company is focused on drilling TLP-103C and producing commercial volumes of high-grade oil from it. At the same time, the Company is evaluating other asset opportunities in the Congo and, possibly, further afield. The Company is particularly interested in assets offering similar risk/reward profiles to Tilapia. The Company believes that any future acquisition of assets that are attractive in terms of their risk profile and value would diversify risk and build a larger, more sustainable group.

Significant events after the balance sheet date

On 9 January 2019, the Company announced that it had issued 60 million ordinary shares of nominal value five pence at ten pence per share, raising gross cash proceeds of £6 million.

Negotiations to secure a new 25-year licence for Tilapia have been in progress throughout 2019. PK has been discussing with the Government of the Congo the terms of the new production-sharing contract and these negotiations are ongoing. The current 20-year licence would expire in July 2020 and it is hoped that the new licence will take effect before the end of 2019.

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 financial 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 Chairman's letter, the Chief Executive's letter, this report, the Directors' report and the annexed financial statements.

Risks and uncertainties

The Board frequently 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, which have remained mainly the same as last year, at this stage in its development are:

Exploration risk

The Group's business includes 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 are historical drilling or geological data available.

Exploration risk (licence)

The existing 20-year licence in respect of Tilapia expires in July 2020. The Director of Hydrocarbons from the Congolese oil ministry has written to the Company offering a new licence of 25 years duration (namely to 2045), with a further five-year option, subject to various conditions. These conditions have not, at the balance sheet date, been spelled out, nor have they been negotiated. If the negotiations prove not to be fruitful, there is a significant risk that the licence will not be renewed. However, all the indications from the Group's discussions with the Ministry are that they welcome the investment of the Group into Tilapia, are pleased with the successful initial drill of well TLP-103C and are supportive of a longer-term development plan for the field. For these reasons, the directors are confident that agreement can be reached on the terms of the new licence before the end of 2019.

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 has available to it a team of professionals experienced in geological evaluation, exploration, financing and development of oil and gas projects. To mitigate development risk, the Group supplements the team as necessary by engaging other 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. The Group takes its responsibilities to the environment and the local community very seriously. PK's operations and procedures have been audited by the local ministry and found to be fully compliant. The Group ensures that its operational activities comply with best-of-class procedures and uses highly skilled and experienced individuals in its operations.

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 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.

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 (i) ongoing financial performance is monitored in a timely manner, (ii) where required, corrective action is taken and (iii) risk is identified as early as practically possible. The directors have reviewed the effectiveness of internal financial control and believe that the Company has adequate staff and controls in place to reduce risk.

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 Company continues to deliver on its long-term plan to develop Tilapia and significantly increase production from it. This plan has been facilitated by the success of the drilling of TLP-103C and the discovery of hydrocarbons at each level that was penetrated. Nothing is more important to the Group than producing commercially sustainable volumes of oil from its existing asset.

The further field-development plan that could include up to ten additional wells alongside expanded surface facilities will be pursued once production from the existing wells has enabled PK to be cash-flow generative and to remit funds back to the holding company on a sustainable basis.

On behalf of the Board:

James Cane

Director

28 June 2019

The directors present their report together with the audited financial statements of Anglo African Oil & Gas Plc and its subsidiaries for the year ended 31 December 2018.

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

Results
The Group reports a total comprehensive loss for the year to 31 December 2018 (after tax) of £11,830,789 (*2017: loss £2,925,555*).

Dividends
The directors do not recommend payment of a dividend for the year to 31 December 2018 *(2017: £nil)*.

Political donations
There were no political donations during the year (*2017: £nil*).

Corporate governance

Chairman's statement
The Company has adopted the Quoted Companies Alliance Corporate Governance Code.

Prior to the formal adoption of the Code, the Company had, for several years, operated in compliance with recommendations of the QCA, in so far as the size of both the Company and its Board permitted. For that reason, no significant changes in governance-related matters have been needed. No key governance matters have arisen since the publication of the last Annual Report.

Considering the Company's size and nature, and the geographical spread of its operations, the Board considers that the structure of the current Board is a cost-effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

Corporate governance principles

1. *To establish a strategy and business model that promote long-term value for shareholders*
   AAOG aims to increase output from Tilapia by undertaking a drilling programme into deeper geological features, the Mengo and, primarily, the Djeno, which Tilapia shares with surrounding fields. This plan is described in detail in the Group Strategic Report.

   The Directors intend to distribute free cash to shareholders through regular dividends, once production reaches a sustained level of 1,000 bopd and provided that oil prices are not less than US$30/barrel.

   It is AAOG's intention to conduct its activities in a professional and responsible manner for the benefit of its shareholders, its employees, and the national and local communities where it operates.

2. *Embed effective risk management, considering both opportunities and threats, throughout the organisation*
   The board of AAOG is responsible for setting the risk framework within which the Company operates and ensuring that suitable risk-management controls and reporting structures are in place throughout the Group.

The oil-extraction operations of the Group have specific risk-management challenges, including, in particular, maintaining the health and safety of all staff and contractors working on site and ensuring that all drilling and related operations are carried out in an environmentally sound manner. These risks have been exhaustively documented and measures have been put in place to mitigate the risks to the greatest extent possible. All contractors are subject to the same risk-mitigation procedures as employees, and all health and safety measures are formalised, described in detailed manuals and explained in person to all people associated with the Group's operational activities.

The board seeks to minimise risk in the management of its operations while appreciating that the nature of the natural-resource extraction sector carries risk, because the knowledge of specific geological formations and their impact on operations may be incomplete or turn out to be incorrect. The Company uses third-party advisors to address specific issues that arise during operations where they bring complementary expertise and experience.

3. *Maintain the board as a well-functioning, balanced team led by the chairman*
The AAOG board comprises a balance of independent and non-independent directors with collective, specific and complementary skills that enable the Company to manage and direct its affairs in a professional manner, with embedded corporate governance procedures that are fit for purpose.

Board meetings are held at least eight times a year and all necessary documentation is provided to the board in advance, so that they can understand the issues under review and make well-considered decisions.

The board has audit and remuneration sub-committees that are chaired by non-executive directors.

The directors devote such time to the Company's affairs as the board considers appropriate.

4. *Ensure that the directors have the necessary up-to-date experience, skills and capabilities*
The board of AAOG maintains up-do-date skills, knowledge and experience to enable it to direct and manage the Company's operations, finances and its interface with investors, the public markets and its other stakeholders.

It takes great care to appoint managers and staff with the appropriate skills and experience, and is aware of the importance of encouraging diversity among its workforce. In particular, AAOG operates in foreign jurisdictions where the recruitment of a local workforce is actively encouraged.

The board works as a team and regularly reviews its procedures and composition

5. *Evaluate board performance based on clear and relevant objectives, seeking continuous improvement*
In view of the size of the Board and the relatively short period of membership for the majority of the Board, the Directors do not believe that it is practical to undertake an external or a wide-ranging evaluation of the performance of Board members. Based on an informal evaluation, the Board considers the recent performance of the executive directors to have been successful in achieving the Company's objectives for 2018 and the first half of 2019.

6. *Promote a corporate culture that is based on ethical values and behaviours*
The Board strives to promote a corporate culture based on sound ethical values and behaviours.

The Board is aware that it operates in jurisdictions where ethical standards may differ from those in the UK, and which may, rightly or wrongly, have a reputation for corrupt practices. To that end, AAOG has adopted a strict anti-corruption and whistle-blowing policy. The Directors are not aware of any event to date that might be considered to breach this policy. The executive directors ensure that external contractors are aware of, and comply with, this policy.

The Company has also adopted a code for directors' and employees' dealings in securities, which is appropriate for a company whose securities are traded on AIM. The code is in accordance with the requirements of the Market Abuse Regulation that came into effect in 2016.

The Board is also aware that the tone and culture it sets will greatly impact all aspects of the Company and the way that employees behave, as well as the achievement of corporate objectives. A significant part of the Company's activities is centred upon an open dialogue with shareholders, employees and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives.

7. *Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders*

Shareholders are encouraged to participate at the AGM, to ensure that there is a high level of accountability and identification with the Group's strategy and goals.

All directors were present at the AGM held on 29 June 2018. The resolutions proposed at the AGM and at all general meetings held since Admission have been passed with no material proxy votes against such resolutions.

Annual reports and notices of general meetings are included separately in the appropriate section of this website.

Audit committee
Sarah Cope (chair) and Brian Moritz are the members of the committee.

Responsibilities
The main responsibilities of the committee are to monitor the integrity of the Company's financial statements and other formal announcements relating to the Company's financial performance. The committee also approves the risk management policy, and reviews the Group's strategic risks and any mitigation actions . it regularly monitors whether effective risk management and appropriate internal controls are in place.

Financial reporting
The committee reviews and evaluates, based on the financial statements, whether the Company is a going concern and communicates to the Board its findings and recommendations. The Board is responsible for presenting a fair, balanced and understandable assessment of the Group's position and prospects.

Report

During the year the committee received and reviewed reports from the finance director, other members of management and external auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group.

The Executive Chairman and finance director are invited to attend parts of meetings, with other senior financial managers required to attend when necessary. The external auditors attended meetings to discuss the planning and conclusions of their work and meet the members of the committee. The committee was able to call for information from management and consults with the external auditors directly as required.

The objectivity and independence of the external auditors was safeguarded by reviewing the auditors' formal declarations, monitoring relationships between key audit staff and the Company, and tracking the level of non-audit fees payable to the auditors. Significant attention was given to the level of non-audit fees provided.

As noted above, the Committee met four times during the year, to review the 2017 annual accounts and the interim accounts to 30 June 2018 and audit planning for the year ended 31 December 2018. The committee reviewed with the independent auditor its judgments as to the acceptability of the Company's accounting principles.

Since the year-end, the committee has met the auditors to consider the 2018 financial statements. In particular, the committee discussed the significant audit risks, the renewal of the Tilapia licence, impairment of the exploration and evaluation assets, recoverability of debtors during the year, application of the new accounting standards (IFRS9 and IFRS15), and the future application of IFRS16. The committee reviewed and discussed the auditor's comments on improvements that could be made to the internal controls. In addition, the committee monitors the auditor firm's independence from Company management and the Company.

Remuneration committee

Nicholas Butler (chair) and Philip Beck sit on the committee. During the year, the remuneration committee met on two occasions to review the Company's remuneration policy, including the remuneration and the performance of the directors and senior management. The committee approved the awards of share options to directors and senior executives, and reviewed remuneration and benefits to ensure that they were competitive.

Directors

The following directors served during the year to 31 December 2018:

Name	Date of appointment	Date of resignation
David G F Sefton		
Anthony J Berwick	22 January 2018	
James A Cane		
Philip J Beck	22 January 2018	
Nicholas J Butler	22 January 2018	
Sarah Cope	22 January 2018	
Brian M Moritz		
Peter J Davies		22 January 2018
Alexander A B Macdonald		22 January 2018

Directors' interests

The beneficial interests of the directors holding office at 31 December 2018 in the issued share capital of the Company were as follows:

	Ordinary shares of 5p each		Ordinary shares of 1p each	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
B M Moritz	1,486,634	861,634	-	-
N Butler	312,500	-	-	-

Directors' remuneration

During the year, the following directors received remuneration from the Company:

	2018			2017		
	Salary	Pension contributions	Total	Salary	Pension contributions	Total
	£	£	£	£	£	£
D G F Sefton	220,000	24,000	244,000	110,000	16,500	126,500
A J Berwick	220,000	24,000	244,000	-	-	-
J A Cane	190,000	24,000	214,000	110,000	16,500	126,500
S Cope	25,000	-	25,000	-	-	-
B M Moritz	25,000	-	25,000	20,430	-	20,430
P J Beck	25,000	-	25,000	-	-	-

	2018			2017		
	Salary	Pension contributions	Total	Salary	Pension contributions	Total
N Butler	25,000	-	25,000	-	-	-
P J Davies	2,083	-	2,083	20,430	-	20,430
A A B Macdonald	130,000	1,500	131,500	110,000	16,500	126,500
O S Schkoda	-	-	-	197,691	11,654	209,345
Total	862,083	73,500	935,583	568,551	61,154	629,705

Included in salary is £120,000 in respect of pay in lieu of notice for A MacDonald (*2017 - £120,000 for O Schkoda*).

During the year, the Company paid a fee of £25,000 (*2017 - £nil*) to a business entity owned by N Butler, which is included in the table above.

Included in the table above is an accrual for bonuses payable to directors totalling £150,000 (*2017: £nil*), which were unpaid at the date of signature of these financial statements. The remuneration committee considered that the executive team had achieved , in often difficult circumstances, its primary goal of drilling TLP-103C and discovering 56 metres of oil across all expected horizons. This result has laid the platform for the next phase of activity in 2019, being the plan for successful production from TLP-103C via the side-track into the Djeno, as described in more detail in the Group Strategic Report.

Directors' indemnities and insurance

During the year ended 31 December 2018, the Company had no directors' indemnities in place. The Company did have directors' and officers' insurance in place throughout the year.

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.

Financial instruments

Details of risks associated with the Group's financial instruments are given in Note 22 to the financial statements. The Company does not utilise any complex financial instruments.

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 year. 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 year.

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

The auditor, Crowe U.K. LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

By order of the Board

James Cane
Director

28 June 2019

Opinion

We have audited the financial statements of Anglo African Oil & Gas plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 December 2018, which comprise:

- the Group statement of comprehensive income for the year ended 31 December 2018;
- the Group and parent company statements of financial position as at 31 December 2018;
- the Group and parent company statements of cash flows for the year then ended;
- the Group and parent company statements of changes in equity for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 2018 and of the Group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2 in the financial statements, which details the factors the group has considered when assessing the going concern position. As stated in note 2 the uncertainty surrounding the availability of funds to finance ongoing working capital requirements indicates the existence of a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £290,000 (*FY17 £180,000*), based on a percentage of gross assets as the company. As the Group is still investing in developing the oil and gas assets, in our opinion gross assets is the most appropriate measure.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £10,000 (*2017: £9,000*). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

The Parent Company is principally accounted for in the United Kingdom and the subsidiaries are accounted for from one central operating location in Pointe Noire, Republic of Congo. Our audit was conducted from the main operating location in the United Kingdom but senior members of the engagement team, including the Senior Statutory Auditor, also travelled to Pointe Noire to visit the principal operating location of the subsidiaries and to obtain relevant audit evidence.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Key audit matter	***How the scope of our audit addressed the key audit matter***
Carrying value of Exploration and Evaluation assets. The group has exploration and evaluation assets based in the Republic of the Congo. The exploration assets totaled £7.6m and an impairment of £1.5m was recognised in respect of an unsuccessful well. We considered the risk that the remaining exploration and evaluation assets were impaired.	We obtained evidence concerning the development of the assets to enable us to assess whether we believed there was any evidence of impairment. This included: • Obtaining details regarding the current status of the licence, including reviewed correspondence with the Ministry of Hydrocarbons and discussing the position with Management. • Reviewing results of the TLP103C drilling that concluded post year end and discussing these with relevant members of management. • Obtaining evidence to supporting management's assertion that they intend on doing further work to bring the assets into commercial production.

Carrying value of oil and gas assets held within plant and equipment The group has recognised an impairment charge of £3.7m to fully impair these assets. We considered the risk that this charge was overstated.	We obtained management's assessment and discussed it directly with them. We considered the current level of production, discussed the options available to the company to increase levels of production and the risks associated with those options.
Recoverability of trade and other receivables Included within receivables is an amount of £3.8m due from one counterparty. This is net of an impairment provision of £1.5m. We considered the risk that a further impairment charge was necessary.	We discussed management's assessment directly with them and obtained: • Evidence to support the receipt of £1.6m since the year end. • Evidence to show that the counterparty acknowledges the debt and has agreed a plan to repay it. In addition, we specifically considered the disclosure in note 3(c) concerning estimates to ensure that this matter was clearly and accurately disclosed to shareholders.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report and strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and their 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.

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 17 and 18, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

M Stallabrass

Matthew Stallabrass (Senior Statutory Auditor)
for and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

28 June 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Continuing operations			
Revenue		**133,503**	226,757
Cost of sales		**(89,039)**	(405,349)
		44,464	(178,592)
Administrative expenses	8	**(5,147,777)**	(2,769,733)
Impairment of trade and other receivables	16	**(1,536,918)**	-
Impairment of oil and gas assets	12	**(3,407,395)**	-
Impairment of exploration and evaluation assets	13	**(1,498,591)**	-
Share-based payment credit/(charge)	20	**3,540**	(138,332)
Loss from operating activities		**(11,542,677)**	(3,086,657)
Finance income		-	8,131
Finance costs		**(143,207)**	(62,543)
Loss before tax		**(11,685,884)**	**(3,141,069)**
Taxation	10	**(8,550)**	-
Loss for the year from operating activities		**(11,694,434)**	(3,141,069)
Exchange translation on foreign operations		**(136,355)**	215,514
Total comprehensive loss for the year		**(11,830,789)**	**(2,925,555)**
Loss per ordinary share (pence)			
Basic and diluted	11	**(9.26)**	(5.75)

The notes on pages 32 to 54 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Notes	31 December 2018 £	31 December 2017 £
Non-current assets			
Property, plant and equipment	12	**110,612**	3,048,818
Intangible assets	13	**10,386,085**	7,592,008
		10,496,697	10,640,826
Current assets			
Stock	15	**37,101**	-
Trade and other receivables	16	**4,135,134**	245,275
Prepayments		**45,364**	4,215
Cash and cash equivalents	17	**120,983**	2,696,911
		4,338,582	2,946,401
Total assets		**14,835,279**	**13,587,227**
Equity			
Share capital	20	**13,272,462**	7,851,238
Share premium		**14,492,407**	12,003,418
Currency translation reserve		**188,941**	372,071
Retained deficit		**(21,944,836)**	(10,293,637)
		6,008,974	9,933,090
Current liabilities			
Trade and other payables	18	**5,919,659**	1,027,091
Loans and borrowings	19	**-**	15,000
Provisions	21	**2,906,646**	2,612,046
		8,826,305	3,654,137
Total equity and liabilities		**14,835,279**	**13,587,227**

The financial statements of Anglo African Oil & Gas plc were approved by the Board and authorised for issue on 28 June 2019. They were signed on its behalf by:

James Cane
Director

The notes on pages 32 to 54 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital £	Share premium £	Currency translation reserve £	Retained deficit £	Total £
Balance at 31 December 2016	4,463,008	1,555,144	156,557	(7,290,900)	(1,116,191)
Share issue in the year	3,388,230	11,585,029	-	-	14,973,259
Costs of issue of share capital	-	(1,136,755)	-	-	(1,136,755)
Loss for the year from operating activities	-	-	-	(3,141,069)	(3,141,069)
Share-based payment charges	-	-	-	138,332	138,332
Foreign exchange adjustment	-	-	215,514	-	215,514
Total comprehensive loss for the period	3,388,230	10,448,274	215,514	(3,002,737)	11,049,281
Balance at 31 December 2017	7,851,238	12,003,418	372,071	(10,293,637)	9,933,090
Share issue in the year	5,421,224	2,982,893	-	-	8,404,117
Costs of issue of share capital	-	(493,904)	-	-	(493,904)
Loss for the year from operating activities	-	-	-	(11,694,434)	(11,694,434)
Foreign currency translation reclassified			(46,775)	46,775	-
Share-based payment credit	-	-	-	(3,540)	(3,540)
Foreign exchange adjustment	-	-	(136,355)	-	(136,355)
Total comprehensive loss for the year	5,421,224	2,488,989	(183,130)	(11,651,199)	(3,924,116)
Balance at 31 December 2018	13,272,462	14,492,407	188,941	(21,944,836)	6,008,974

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Cash flows from operating activities			
Total comprehensive loss for the year		(11,830,789)	(2,925,555)
Depreciation and amortisation		277,455	86,473
Provision movement		294,600	2,488,522
Impairment of trade and other receivables		1,536,918	-
Impairment of oil and gas assets		3,407,395	-
Impairment of evaluation and exploration assets		1,498,591	-
Share-based payment (credit)/charge		(3,540)	138,332
		(4,819,370)	(212,228)
(Increase) in stock		(37,101)	-
(Increase) in trade and other receivables		(5,426,777)	(160,929)
(Increase) in prepayments		(41,149)	(4,215)
Increase/(decrease) in trade and other payables		4,892,568	(2,000)
Cash used in operating activities		(5,431,829)	(379,372)
Cash flows from investing activities			
Purchase of tangible fixed assets		(258,071)	(3,112,816)
Purchase of intangible fixed assets		(4,781,241)	(1,051,348)
Acquisition of subsidiaries net of cash received		-	(6,563,135)
Net cash from investing activities		(5,039,312)	(10,727,299)
Cash flows from financing activities			
Loan repayment		(15,000)	(35,000)
Issue of share capital		8,404,117	14,973,259
Costs of issuing share capital		(493,904)	(1,136,755)
Net cash flows from financing activities		7,895,213	13,801,504
Net increase in cash and cash equivalents		(2,575,928)	2,694,833
Cash and cash equivalents at beginning of year	17	2,696,911	2,078
Cash and cash equivalents at year-end	17	120,983	2,696,911

The notes on pages 32 to 54 form an integral part of these consolidated financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Notes	31 December 2018 £	31 December 2017 (as restated) £
Assets			
Property, plant and equipment	12	30,316	3,381
Investments	14	6,801,972	6,801,972
Trade and other receivables	16	8,321,787	1,544,992
Non-current assets		15,154,075	8,350,345
Current assets			
Trade and other receivables	16	294,532	150,783
Prepayments		45,364	4,215
Cash and cash equivalents	17	65,586	2,131,865
		405,482	2,286,863
Total assets		**15,559,557**	**10,637,208**
Equity			
Share capital	20	13,272,462	7,851,238
Share premium		14,492,407	12,003,418
Retained deficit		(13,672,947)	(9,465,425)
		14,091,922	10,389,231
Current liabilities			
Trade and other payables	18	1,467,635	232,977
Loans and borrowings	19	-	15,000
		1,467,635	247,977
Total equity and liabilities		**15,559,557**	**10,637,208**

The Company's loss and total comprehensive loss for the year ended 31 December 2018 was £4,203,982 (*2017: loss £2,516,996*).

The financial statements of Anglo African Oil & Gas plc, company number 04140379, were approved by the Board and authorised for issue on 28 June 2019. They were signed on its behalf by:

James Cane
Director

The notes on pages 32 to 54 form an integral part of these consolidated financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital £	Share premium £	Retained deficit £	Total equity £
Balance at 31 December 2016	4,463,008	1,555,144	(7,005,444)	(987,292)
Share issue in the year	3,388,230	11,585,029	-	14,973,259
Cost of issuing share capital	-	(1,136,755)	-	(1,136,755)
Share-based payment charge	-	-	138,332	138,332
Total comprehensive loss for the period (as restated)	-	-	(2,598,313)	(2,598,313)
Balance at 31 December 2017	7,851,238	12,003,418	(9,465,425)	10,389,231
Share issue in the year	5,421,224	2,982,893	-	8,404,117
Cost of issuing share capital	-	(493,904)	-	(493,904)
Share-based payment credit	-	-	(3,540)	(3,540)
Total comprehensive loss for the year	-	-	(4,203,982)	(4,203,982)
Balance at 31 December 2018	13,272,462	14,492,407	(13,672,947)	14,091,922

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Year ended 31 December 2018 £	Year ended 31 December 2017 (as restated) £
Cash flows from operating activities			
Loss for the year		(4,203,982)	(2,598,313)
Adjustments for:			
Depreciation		3,270	873
Share-based payment credit		(3,540)	138,332
		(4,204,252)	(2,459,108)
Increase in trade and other receivables		(6,920,545)	(1,611,429)
(Increase) in prepayments		(41,149)	(4,215)
Increase /(decrease) in trade and other payables		1,234,659	(790,739)
Cash used in operating activities		(9,931,287)	(4,865,491)
Cash flows from investing activities			
Purchase of property, plant and equipment		(30,205)	(4,254)
Purchase of fixed asset investments		-	(6,801,972)
Cash used in investing activities		(30,205)	(6,806,226)
Cash flows from financing activities			
Proceeds from issue of share capital		8,404,117	14,973,259
Costs of issuing share capital		(493,904)	(1,136,755)
Loan (repayment)		(15,000)	(35,000)
Net cash flows from financing activities		7,895,213	13,801,504
Net increase in cash and cash equivalents		(2,066,279)	2,129,787
Cash and cash equivalents at beginning of year		2,131,865	2,078
Cash and cash equivalents at year-end	**17**	**65,586**	2,131,865

The notes on pages 32 to 54 form an integral part of these consolidated financial statements.

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 year ended 31 December 2018 comprise the financial statements of the Company and its subsidiary undertakings, Sonnberg Diamonds (Namibia) (Pty) Limited and Petro Kouilou SA. The Group will continue to be primarily involved in the extraction of and exploration for natural resources in Africa.

Petro Kouilou SA is a company registered in Republic of the Congo. The office address is Site de Tilapia, Route Nationale no. 5, BP-1753, Pointe-Noire, Republic of the Congo.

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

2. Going concern

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, which is defined as twelve months from the signing of this report. The directors accept that there is a material uncertainty in respect of going concern but, at the date of this report, the Company is in receipt of several non-binding offers of capital finance, which it is considering, and the Company is consulting with its major shareholders. For this reason, 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 I 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

(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 judgments, 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

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

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are in respect of the intangible exploration and evaluation (**"E&E"**) assets and the receivable from SNPC.

***E&E assets** (notes 4(e) and 13)*

The Group determines whether E&E assets are impaired in cost pools when facts and circumstances suggest that the carrying amount of a cost pool may exceed its recoverable amount. As recoverable amounts are determined based upon risked potential, or where relevant, discovered oil and gas reserves, this involves estimations and the selection of a suitable discount rate. The capitalisation and any write-off of E&E assets necessarily involve certain judgments with regard to whether the asset will ultimately prove to be recoverable.

In determining the treatment of E&E assets and investments, the directors are required to make estimates and assumptions as to future events and circumstances. There are uncertainties inherent in making such assumptions, especially with regard to oil & gas reserves and the life of, and title to, an asset; recovery rates; production costs; commodity prices; and exchange rates. Assumptions that are valid at the time of estimation may change significantly as new information becomes available and changes in these assumptions may alter the economic status of an E&E asset and result in resources or reserves being restated.

The estimation of recoverable amounts, based on risked potential and the application of value in use calculations, are dependent upon finance being available to fund the development of the E&E assets and the continuation of the licence beyond July 2020. If a new licence is not granted, this would trigger a further impairment of the E&E assets.

***Recoverability of debtor balances** (note 16)*

Significant estimation is required in the determination of the fair value of debtor balance due from SNPC. The payments made by SNPC to the date of this report, and the stated intention of SNPC to repay the amount due, were reviewed. Judgment was required in determining the likely value of the debt and the balance that should be carried in the financial statements.

SNPC debtor at 31 December 2018	**£'000**
Amount due from SNPC	6,242
Provision brought forward	(869)
Impairment provision	(1,537)
Carrying value	**3,836**
Received since 31 December 2018	1,500

As noted in the Group strategic report, since the year-end, SNPC has made three debt repayments, has confirmed in writing that it acknowledges the debt and expects its monthly repayments to increase from July 2019 onwards. If the debt is repaid in full, the provision will be written back; if not, there is a potential additional provision as at 31 December 2018 of approximately £2.3 million, taking account of amounts received subsequent to the year-end.

Judgment

The key judgment that has a material impact on the carrying value of assets and liabilities within the next financial year is in respect of the grant of a new licence over Tilapia.

Licence over Tilapia

The existing 20-year licence in respect of Tilapia expires in July 2020. The Director of Hydrocarbons from the Congolese oil ministry has written to the Company offering a new licence of 25 years duration (namely to 2045), with a further five-year option, subject to various conditions. The Group's discussions with the Ministry have indicated that the Ministry welcome the investment of the Group into Tilapia, are pleased with the successful initial drill of well TLP-103C and are supportive of a longer-term development plan for the field. For these reasons, the directors' judgment is that agreement can be reached on the terms of the new licence before the end of 2019.

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all years 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; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interests; 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 re-measured, 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 year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the 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.

(ii) Foreign operations

The adjustment in 'Other comprehensive income' arises because of the difference between the value of the assets and liabilities of foreign operations (including goodwill and the fair-value adjustments arising on acquisition) when acquired compared to the value when translated to GBP at exchange rates at the reporting date. The income and expenditure earned and incurred by the Group's overseas operations are translated to GBP at the average exchange rate at the date of each transaction.

(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 assets 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 trade and other receivables.

Prior year restatement

The Company, but not the Group, is exposed to default risk in respect of its loan account with PK, its wholly owned subsidiary. The directors recognise that, under IFRS 9, the Company should consider providing against that risk and have concluded that a provision of £0.44 million (five per cent of the total balance due) should be recognised in the books of the Company (only) against the amount due from PK.

The adoption of IFRS 9 has led to a restatement of the trade and other receivables figure at 31 December 2017. The amount receivable was reduced by £81,317 (five per cent of the total balance due), with a corresponding adjustment to the loss of the Company in the 2017 financial year.

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.

Costs attributable to the admission of the company to AIM on 7 March 2017 were taken into account when arriving at the results for the prior year and were not treated as a deduction from equity (see note 8).

(d) Property, plant and equipment

Oil & gas assets

Oil & gas assets represent the cost of developing the commercial reserves discovered and bringing them into production, together with the E&E expenditures incurred in finding commercial reserves transferred from intangible E&E assets as outlined in the accounting policy above.

The cost of oil & gas assets also includes the cost of acquisitions and purchases of such assets, directly attributable overheads, finance costs capitalised, and the cost of recognising provisions for future restoration and decommissioning. Producing assets are currently expected to be in production up to 2040 and are depreciated on the unit of production method.

Impairment of oil & gas assets

An impairment test is performed whenever events and circumstances arising during the development or production phase indicate that the carrying value of an oil & gas asset may exceed its recoverable amount.

The carrying value is compared with the expected recoverable amount of the asset, generally by reference to the present value of the future net cash flows expected to be derived from production of commercial reserves. The cash-generating unit applied for impairment test purposes is generally the field, except that several field interests may be grouped as a single income-generating unit where the cash flows of each field are interdependent.

(i) Recognition and measurement

Items of property, plant & 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.

When parts of an item of property, plant & 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 & 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 cost 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
- Computer equipment 4 years
- Plant and equipment is depreciated on the unit of production method.
- Vehicles 4 years

Items of property, plant & 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

Exploration & evaluation assets

Under the successful efforts method of accounting, all licence acquisition, exploration and appraisal costs are initially capitalised in well, field or specific exploration cost centres as appropriate, pending determination.

Expenditure incurred during the various exploration and appraisal phases is then written off unless commercial reserves have been established or the determination process has not been completed.

Exploration & evaluation costs

Costs are initially capitalised as E&E assets. Payments to acquire the legal right to explore, costs of technical services and studies, seismic acquisition, exploratory drilling and testing are capitalised as E&E assets.

Treatment of exploration & evaluation expenditure at the end of appraisal activities

Intangible E&E assets relating to each exploration licence/prospect are carried forward, until the existence (or otherwise) of commercial reserves has been determined subject to certain limitations including review for indications of impairment. If, however, commercial reserves have been discovered and development has been approved, the carrying value, after any impairment loss, of the relevant E&E assets is then reclassified as development and production assets. If, however, commercial reserves have not been found, the capitalised costs are charged to expense after conclusion of appraisal activities.

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 year 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 at every year-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:

- Exploration & evaluation assets 20 years

(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.

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. Exploration & evaluation assets and indefinite-life 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 exploration & evaluation assets 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

The Group recognises the introduction of IFRS 15 for the accounting period under review and does not consider that it has a material impact on the Group's income.
Revenue from sales of oil is recognised when title transfers to the customer. This transfer generally occurs when product is physically transferred into a truck or other delivery mechanism. This also represents the point at which the Group fulfils its single performance obligation to its customer under contracts for the sale of oil.

The Group's contractual obligations in this respect are considered to be its performance obligations for the purposes of IFRS15. Revenue is recognised net of indirect taxes and excise duties. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

One hundred per cent of the Group's revenue is attributable to activities in the Republic of the Congo.

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

(h) Finance costs

Finance costs comprise 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 rate method.

(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 year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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 intangible assets.

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 a 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 2019 or later periods, but which the Group has not early adopted.

IFRS 16 - Leases

The standard has been developed to provide information to the users of the financial statements on the lease transactions undertaken by the entity, in order for them to assess the amount, timing and uncertainty of cash flows arising from leases.

The standard is effective for periods beginning on or after 1 January 2019.

On application of the standard, the company will be required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

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 the Group's financial statements will not be material.

6. Determination of fair values

Several 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 fair value of the net assets of the group undertaking.

(v) Share-based payments

Share-based payment charges are based on the fair value of the options granted. In arriving at the charge for the period, assumptions are made on the volatility of the market value of the shares.

7. Operating segments

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

8. Administrative expenses

Administrative expenses include:

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Costs relating to AIM admission	-	363,869
Costs incurred relating to potential acquisition	310,495	-
Depreciation and amortisation	277,455	86,473
Auditor's remuneration		
- non audit services	1,750	2,250
- audit services: parent company	28,000	28,000

During the year, the Company incurred costs of £493,904 (*2017: £1,500,624, including AIM admission*) relating to the issuance of new share capital. £493,904 (*2017: £1,136,755*) related to the issue of new shares and has been offset against equity. £nil (*2017: £363,869*) of the costs related to the AIM admission in March 2017 and are included within administrative expenses in the Statement of Comprehensive Income.

9. Staff costs

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Wages and salaries	1,658,474	689,815
Termination payment	120,000	120,000
Social security costs	216,144	82,241
	1,994,618	892,056

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

	Year ended 31 December 2018	Year ended 31 December 2017
Directors and management	8	5
Other staff members	6	4
	14	9

The directors are considered to be key management personnel. See the directors' report for information regarding the remuneration paid to the directors during the year.

10. Taxation

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Current tax expense		
Current year	**8,550**	-
Deferred tax expense		
Origination and reversal of temporary differences	-	-
Total tax expense	**8,550**	-

Reconciliation of effective tax rate

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Loss before tax	**(11,685,884)**	(2,925,555)
Tax using the Company's domestic tax rate of 19% (*2017: 19.25%)*	**(2,220,318)**	(563,169)
Tax losses	**2,220,318**	563,169
Other adjustments	**8,550**	-
Total taxation charge	**8,550**	-

Factors that may affect future tax charges

No deferred tax asset has been recognised in respect of tax losses because of uncertainty as to their future availability, which depends on the Group making future taxable profits .

11. Loss per share

The calculation of loss per share for the year ended 31 December 2018 is based on the loss for the year after tax attributable to ordinary shareholders of £11,830,789 (*2017: £2,925,555*), and a weighted average number of ordinary shares in issue of 124,376,778 (*2017: 50,901,726*). There are no potentially dilutive instruments.

12. Property, plant and equipment

Group

	Oil & gas assets	Plant & equipment	Fixtures, fittings & computer equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
Balance at 1 January 2017	-	1,148,236	2,003	-	1,150,239
Additions	2,626,545	480,300	4,254	1,717	3,112,816
Balance at 31 December 2017	2,626,545	1,628,536	6,257	1,717	4,263,055
Balance at 1 January 2018	2,626,545	1,628,536	6,257	1,717	4,263,055
Reclassification of intangible assets	910,955	(400,004)	-	-	510,951
Additions	227,866	-	30,205	-	258,071
Balance at 31 December 2018	3,765,366	1,228,532	36,462	1,717	5,032,077
Depreciation					
Balance at 1 January 2017	-	1,148,236	2,003	-	1,150,239
Depreciation	63,125	-	873	-	63,998
Balance at 31 December 2017	63,125	1,148,236	2,876	-	1,214,237
Balance at 1 January 2018	63,125	1,148,236	2,876	-	1,214,237
Reclassification of intangible assets	22,475	-	-	-	22,475
Depreciation	-	-	3,270	1,717	4,987
Impairment	3,679,766	-	-	-	3,679,766
Balance at 31 December 2018	3,765,366	1,148,236	6,146	1,717	4,921,465
Carrying amounts					
At 31 December 2018	-	80,296	30,316	-	110,612
At 31 December 2017	2,563,420	480,300	3,381	1,717	3,048,818

Impairment

As stated in the Group strategic report, the directors have reviewed the carrying value of these two wells in light of the results of the workovers during 2018 and the revised plan to develop TLP-103C as a priority in 2019. It is considered unlikely that TLP-101 and TLP-102 would ever, on a standalone basis, be commercially viable, although the directors believe that they could generate useful marginal revenue for long into the future. For these reasons, the directors have fully impaired the value of these two wells (*2017 - £2.6 million*) as at 31 December 2018.

Company

	Computer equipment £	Plant & machinery £	Total £
Cost			
Balance at 1 January 2017	-	257,888	257,888
Additions	4,254	-	4,254
Balance at 31 December 2017	4,254	257,888	262,142
Balance at 1 January 2018	4,254	257,888	262,142
Additions	30,205	-	30,205
Balance at 31 December 2018	34,459	257,888	292,347
Depreciation			
Balance at 1 January 2017	-	257,888	257,888
Depreciation	873	-	873
Balance at 31 December 2017	873	257,888	258,761
Balance at 1 January 2018	873	257,888	258,761
Depreciation	3,270	-	3,270
Balance at 31 December 2018	4,143	257,888	262,031
Carrying amounts			
At 31 December 2018	30,316	-	30,316
At 31 December 2017	3,381	-	3,381

13. Intangible assets

Group

	Exploration & evaluation assets £	Mining rights £	Total £
Cost			
Balance at 1 January 2017	-	1,153,852	1,153,852
Additions	7,614,483	-	7,614,483
Balance at 31 December 2017	7,614,483	1,153,852	8,768,335
Balance at 1 January 2018	7,614,483	1,153,852	8,768,335
Additions	4,781,241	-	4,781,241
Reclassification to tangible assets	(510,951)	-	(510,951)
Balance at 31 December 2018	11,884,773	1,153,852	13,038,625
Amortisation			
Balance at 1 January 2017	-	1,153,852	1,153,852
Charge for the year	22,475	-	22,475
Balance at 31 December 2017	22,475	1,153,852	1,176,327
Balance at 1 January 2018	22,475	1,153,852	1,176,327
Charge for the year	97	-	97
Reclassification to tangible assets	(22,475)	-	(22,475)
Impairment	1,498,591	-	1,498,591
Balance at 31 December 2018	1,498,688	1,153,852	2,652,540
Carrying amounts			
Balance at 31 December 2018	10,386,085	-	10,386,085
Balance at 31 December 2017	7,592,008	-	7,592,008

Mining rights

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

Exploration & evaluation assets

The directors assess for impairment when facts and circumstances suggest that the carrying amount of an E&E asset may exceed its recoverable amount. In making this assessment, the directors have given regard to the facts and circumstances noted in IFRS 6 paragraph 20 and believe that there is an indication of impairment. In performing their assessment of each of these factors at 31 December 2018, the directors have;

a) reviewed the time period that the Group has the right to explore the area;

b) determined that further E&E expenditure is either budgeted or planned for all licences (with the exception of the mining licence noted above);

c) not decided (with the exception of the mining licence noted above) to discontinue exploration activity due to there being a lack of quantifiable mineral resource; and

d) not identified any instances where sufficient data exists to indicate that there are licences where the E&E spend is unlikely to be recovered from successful development or sale.

When making this assessment, management have assumed that a new licence will be issued in respect of the Tilapia licence. The current licence expires in July 2020 and negotiations are ongoing with the government of the Republic of the Congo to secure a new licence.

The directors have reviewed the carrying value of the E&E assets (namely, TLP-103C) in light of the expenditure incurred on TLP-103 before that well site had to be relocated following the subsidence of the rig. A full analysis of the costs totalling £1.5m that were incurred exclusively on TLP-103 has been carried out. As these costs were directly associated with the unsuccessful well and generated no economic benefit for the Group, they have been fully impaired.

14. Fixed asset investment

	Group undertaking	Loan to Group undertaking	Total
	£	£	£
Cost			
Balance at 1 January 2017	2,828,211	2,817,173	5,645,384
Additions	6,801,972	-	6,801,972
Balance at 31 December 2017	9,630,183	2,817,173	12,447,356
Balance at 1 January 2018	9,630,183	2,817,173	12,447,356
Balance at 31 December 2018	9,630,183	2,817,173	12,447,356
Provisions for diminution in value			
Balance at 1 January 2017	2,828,211	2,817,173	5,645,384
Balance at 31 December 2017	2,828,211	2,817,173	5,645,384
Balance at 1 January 2018	2,828,211	2,817,173	5,645,384
Balance at 31 December 2018	2,828,211	2,817,173	5,645,384
At 31 December 2018	6,801,972	-	6,801,972
At 31 December 2017	6,801,972	-	6,801,972

Investment in Group undertaking is in relation to a 100 per cent holding in Sonnberg, a company incorporated in Namibia and a 100 per cent holding in Petro Kouilou SA, a company incorporated in Republic of the Congo.

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

15. Stock

Group

	31 December 2018	31 December 2017
	£	£
Stock	37,101	-

16. Trade and other receivables

Group

	31 December 2018 £	31 December 2017 £
Trade receivables	4,010	77,429
Other receivables	6,536,884	1,036,688
Less: provision for doubtful debt	(2,405,760)	(868,842)
	4,135,134	245,275

Company

	31 December 2018 £	31 December 2017 (as restated) £
***Current*:**		
Other receivables	294,532	150,783
Non-current:		
Amounts owed by group undertakings	8,759,776	1,626,309
Less: expected credit loss provision	(437,989)	(81,317)
	8,321,787	1,544,992

The Group and Company's exposure to credit and currency risk is disclosed in note 22.

The 'Other receivables' at Group level of £6.5 million include the amount receivable by PK from SNPC of £6.2 million. A provision of £1,536,918 (US$2 million) has been made against the receivable from SNPC, the Congolese state oil company. At 31 December 2018, SNPC's unpaid contribution towards PK's operating and capital costs reached approximately US$8.5 million. Payments have since been received and the total balance owing by SNPC to PK at the date of this report is approximately £4.7 million.

The directors have considered the likelihood of full recoverability of this debt. £0.87 million was provided against the debt at 31 December 2017, at which time no payments had been received by SNPC. The directors have taken into account (i) the amount of the payments already made, (ii) that these payments were made monthly as promised, (iii) that these costs have been audited and agreed by SNPC, and (iv) that SNPC acknowledges the full amount of the debt and has stated its intention to meet its obligations over the coming months at a rate that will extinguish the amount owing by the end of the current licence period. The directors consider that it is prudent to make a partial provision of approximately £1.5 million (US$2 million) against the debt due from SNPC.

If the debt is repaid in full, this provision will be written back. The resultant balance of the receivable from SNPC in the accounts of the Group at 31 December 2018 is US$4.8 million (£3.8 million)., as explained in the Group strategic report. Any repayment of this debt will be for the credit of the Group.

Besides this receivable, there is no material difference between the fair value of trade and other receivables and their book value. No other receivables are overdue at the year-end

17. Cash and cash equivalents

Group

	31 December 2018 £	31 December 2017 £
Bank balances	120,983	2,696,911
Cash and cash equivalents	120,983	2,696,911

Company

	31 December 2018 £	31 December 2017 £
Bank balances	65,586	2,131,865
Cash and cash equivalents	65,586	2,131,865

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

18. Trade and other payables

Group

	31 December 2018 £	31 December 2017 £
Trade payables and accruals	5,328,331	1,027,091
Other payables	591,328	-
	5,919,659	1,027,091

Company

	31 December 2018 £	31 December 2017 £
Trade payables and accruals	1,366,828	232,977
Other payables	100,807	-
	1,467,635	232,977

Trade payables and accruals comprise amounts payable to suppliers and accrued expenses at the year-end. The Group's and Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 22.

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

19. Loans and borrowings

Group

	31 December 2018 £	31 December 2017 £
Other loans	-	15,000

Company

	31 December 2018 £	31 December 2017 £
Other loans	-	15,000

20. Share capital

	Number of shares	
	31 December 2018	31 December 2017
In issue at year end – fully paid:		
Ordinary shares of 5p each	177,929,038	69,504,565
Deferred shares of 9p each	39,922,460	39,922,460
B Deferred shares of 0.9p each	86,998,615	86,998,615

	Share capital	
	31 December 2018 £	31 December 2017 £
In issue at year end – fully paid:		
Ordinary shares of 5p each	8,896,453	3,475,229
Deferred shares of 9p each	3,593,021	3,593,021
B Deferred shares of 0.9p each	782,988	782,988
	13,272,462	7,851,238

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 4 June 2018, the Company issued 92,551,459 ordinary shares of 5p each at a premium of 3p per share.

On 29 November 2018, the Company issued 11,904,761 ordinary shares of 5p each at a premium of 1.3p per share.

On 5 December 2018, the Company issued 3,968,253 ordinary shares of 5p each at a premium of 1.3p per share.

Share-based payment arrangements

As at 31 December 2018, the Group maintained a management incentive share-based payment scheme for certain employees, including directors. The scheme will be settled in equity. Options under this programme will vest if oil production milestones are achieved at the Tilapia oilfield in the Republic of the Congo as follows:

Earliest vesting date	Number of shares vesting	Required bopd production over a consecutive 30-day period
16 March 2017	4,522,566	1,000
16 March 2018	4,522,566	2,500
16 March 2019	4,522,567	5,000

Upon vesting, the option allows the holder to purchase one ordinary share at a price of 20 pence per share.

Share options and weighted-average exercise prices are as follows for the reporting periods presented:

	Number of shares	Weighted average exercise price per share (pence)
Outstanding at 1 January 2018	9,076,478	20p
Granted	7,680,254	20p
Forfeited	(3,189,033)	20p
At 31 December 2018	**13,567,699**	**20p**

The fair values of options granted were determined using the Black-Scholes option pricing model. The following principal assumptions were used in the valuation:

Grant date	16 March 2017, 16 February 2018 and 19 November 2018
Share price at date of grant	28.5 pence, 10.1 pence and 7.25 pence
Volatility	75%
Option life	Ten years
Dividend yield	0.0%
Risk free investment rate	0.5%
Fair value per option at date of grant	16.46 pence, 6,90 pence and 4.91 pence
Exercise price at date of grant	20 pence

The underlying volatility was determined by reference to historical data of comparator companies traded on AIM.

In total, a credit of £3,540 (*2017: £138,332 charge*) of equity share-based payment transactions have been included in profit or loss and credited to retained earnings.

21. Provisions

Group

	31 December 2018 £	31 December 2017 £
Balance brought forward	2,612,046	123,524
Provision made during the year	294,600	2,488,522
	2,906,646	2,612,046

Well site reinstatement costs

Where a material liability for the removal of production facilities and site restoration at the end of the field life exists, a provision for decommissioning is made. The amount recognised is the present value of estimated future expenditure determined in accordance with local conditions and requirements. An asset of an amount equivalent to the provision is also created and depreciated on a unit of production basis. Changes in estimates are recognised prospectively, with corresponding adjustments to the provision and the associated asset.

During the 2017 financial year, the Company acquired PK, an oil and gas developer. An amount of £2,783,122 has been provided for reinstatement costs, based on internal estimates of the available information on the cost and programme of works to be performed, estimated inflation and the time value of money.

Further costs will be incurred as the drilling programme gathers pace. The directors have assessed the end of field life to be no earlier than 2040, namely 21 years from now.

Mining contract

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 had 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 remains 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. For this reason, the directors believe that the provision should be shown as a current liability of the Group.

22. 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

	Note	Carrying amount	
		31 December 2018 £	31 December 2017 £
Trade and other receivables	15	4,135,134	245,275
Cash and cash equivalents	16	120,983	2,696,911
		4,256,117	3,187,461

Company

	Note	Carrying amount	
		31 December 2018 £	31 December 2017 (as restated) £
Trade and other receivables	15	8,616,319	1,695,775
Cash and cash equivalents	16	65,586	2,131,865
		8,681,905	3,827,640

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 2018

	Carrying amount	**2 months or less**	**2 to 12 months**
	£	**£**	**£**
Non-derivative financial liabilities			
Loans	-	-	-
Trade and other payables	5,919,659	-	5,919,659
	5,919,659	-	5,919,659

31 December 2017

	Carrying amount	**2 months or less**	**2 to 12 months**
	£	**£**	**£**
Non-derivative financial liabilities			
Loans	15,000	15,000	-
Trade and other payables	1,027,091	-	1,027,091
	1,042,091	15,000	1,027,091

Company

31 December 2018

	Carrying amount	2 months or less	2 to 12 months
	£	£	£
Non-derivative financial liabilities			
Loans	-	-	-
Trade and other payables	1,467,635	-	1,467,635
	1,467,635	-	1,467,635

31 December 2017

	Carrying amount	2 months or less	2 to 12 months
	£	£	£
Non-derivative financial liabilities			
Loans	15,000	15,000	-
Trade payables	232,977	-	232,977
	247,977	15,000	232,977

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 US dollar, the euro and the Central African franc (CFA).

At the year-end, the Group held the following assets/(liabilities) in currencies other than GBP:

Group

31 December 2018

	USD	**Euro**	**XAF**
	US$	**€**	**CFA**
Cash and cash equivalents	32,627	322	18,132,165
Trade and other receivables	270,250	60,759	3,577,639,354
Trade and other payables	(1,731,494)	(1,288,309)	(987,361,489)
Total	**(1,428,617)**	**(1,227,228)**	**2,608,410,031**

31 December 2017

	USD	Euro	XAF
	US$	€	CFA
Cash and cash equivalents	1,931,955	149	417,358,049
Trade and other receivables	104,479	-	12,606,763
Trade and other payables	(176,127)	(368,202)	(265,872,117)
Total	1,860,307	(368,053)	164,092,695

Company

31 December 2018

	USD	**Euro**
	US$	**€**
Cash and cash equivalents	29,133	-
Trade and other receivables	858,687	3,024,048
Trade and other payables	270,250	60,759
Total	**1,158,070**	**3,084,807**

31 December 2017

	USD	Euro
	US$	€
Cash and cash equivalents	1,931,955	-
Trade and other receivables	1,179,826	1,014,627
Trade and other payables	-	(32,182)
Total	3,111,781	982,445

Other risks

The directors believe that the Republic of the Congo is currently a stable business environment, 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 to support continued operations. The Company considers its capital to comprise equity capital less accumulated losses.

23. Related parties

As part of the placing in June 2018, two directors, Brian Moritz and Nicholas Butler, subscribed for 625,000 ordinary shares and 312,500 ordinary shares respectively in the Company.

24. Events after the reporting date

- In January 2019, the Company raised £6 million gross by the issuance of 60 million ordinary shares at ten pence per share
- The name of the Company's trading subsidiary, Petro Kouilou SA, was changed to Anglo African Oil & Gas Congo SAU on 9 March 2019.
- At the date of this report, the Company is in receipt of several offers of capital finance, which it is considering, and the Company is consulting with its major shareholders.