Nu-Oil and Gas plc

Incorporated and registered in England and Wales with registered number 6370792

Annual Report and Accounts
for the year ended 30 June 2020

Contents

Corporate Information

Directors	Jay Bhattacherjee, Non-Executive Chairman Andrew Dennan, Non-Executive Director Frank Jackson, Non-Executive Director
Company secretary	David Lau
Registered office	Nu-Oil and Gas Plc Audley House 13 Palace Street London SW1E 5HX United Kingdom
Nominated adviser	Strand Hanson Limited 26 Mount Row Mayfair London W1K 3SQ United Kingdom
Broker	NOVUM Securities Limited 8-10 Grosvenor Gardens London SW1W 0DH United Kingdom
Solicitors	FieldFisher Riverbank House 2 Swan Lane, London EC4R 3TT United Kingdom
Bankers	HSBC 5 Great Underbank, Stockport, Cheshire SK1 1LH United Kingdom
Independent auditors	Crowe U.K. LLP 3rd Floor The Lexicon, Mount Street, Manchester M2 5NT
Registrars	SLC Registrars, Elder House, St Georges Business Park Brooklands Road Weybridge Surrey KT13 0TS United Kingdom
Incorporation details	The Company is incorporated and registered in England and Wales with registered number 06370792

Chairman's Statement

Dear Shareholders,

2020 has been a notable year for many reasons not least because of Covid-19 disruptions which have reached every part of society. In spite of the difficult backdrop of Covid-19, the Company has taken necessary steps to survive. The Board remains confident it will find shareholders a value accretive transaction from which it can rebuild.

As many of the long-term shareholders will know the Company's difficulties long pre-dated 4 November 2019 when the Company became an AIM Rule 15 Cash Shell. The Company began the financial year with negligible cash, several related party and third-party liabilities which it did not have the means to settle and continued to incur costs it did not have the means to pay for. The restructuring, first announced in October 2019, proved vital in avoiding liquidation and the total loss of shareholder value. That restructuring was approved by you as shareholders in November 2019 and during the period which followed the Board and I have worked to find the right transaction from which to platform the Company's turnaround.

Finding a suitable transaction has been slower than we would have anticipated and has been inevitably hindered by external disruptions. Notwithstanding those challenges, the Board has taken a commercial but very disciplined approach to its evaluation of opportunities and has been laser focused on expenditure, including deferring payments to directors until a transaction is completed. Over the year we have succeeded in getting many of the legacy liabilities which carried over from before the restructuring under control and the cost saving initiatives implemented have allowed the cash balance to stretch significantly further than would otherwise have been feasible. This disciplined approach, which is uncomfortable in the short-term we believe will inevitably be beneficial in securing a more financially resilient foundation from which to grow shareholder value.

As of the date of this letter the Company is actively engaged with several opportunities and hopes to make an announcement of one of these in due course.

I would like to take this moment to thank you for your continued support during this uncertain phase in the Company's evolution. The Company is in a perilous situation at the moment, but your Directors are taking prudent measures to work towards building a business that has a sustainable value growth trajectory.

Jay Bhattacherjee, Non-Executive Chairman, 7 December 2020

Strategic Report

Principal activities

Following the divestment of the Company's joint venture, MFDevCo, which was approved at the General Meeting held on 4 November 2019, the Company was designated an AIM Rule 15 Cash Shell. Currently, the Company has until 4 May 2021 to complete an acquisition or acquisitions constituting a reverse takeover to maintain its listing.

Nu Oil and Gas plc was incorporated in the United Kingdom and the current Group head office is at Audley House, 13 Palace Street, London, SW1E 5HX, United Kingdom.

Financial Review

The Consolidated Financial Statements and notes on pages 24 through to 44 should be read in conjunction with this review which has been included to assist in the understanding of the Group's financial position at 30 June 2020.

Loss before tax

Loss for the period was £650,000 (2019: £2,799,000 loss), comprising administrative expenses of £739,000 (2019: £2,011,000), £7,000 in respect of furloughed employees shown separately as other income, finance costs of £306,000 (2019: £788,000) and a net gain on disposal of discontinued operations and restructuring of £388,000.

The loss included depreciation, amortisation and impairments of £2,000 in the period (2019: £1,000,000).

Statement of Financial Position

The consolidated statement of financial position for the Group is shown on page 25. Net liabilities at 30 June 2020 were £1,466,000 (2019: net liabilities of £3,419,000). The change in net liabilities reflected a combination of several items including: the divestment of non-core and legacy assets and investments as a part of the essential restructuring announced in October 2019; the settlement of several legacy liabilities and the refinancing of the Group's loan position.

In addition, fundraising activities undertaken in the period raised £920,000 in gross proceeds through the issue of new ordinary shares.

The majority of the Group's liabilities at the year-end related to the loans and creditor and accrued balances. On 2 October 2019, the Company announced that it had agreed to settle related party liabilities by transferring ownership of its 50% interest in MFDevCo. In addition, following the sale of the Shard Loan to C4 Energy Ltd, the debt was refinanced and restructured. Although the Balance Sheet records a liability of £966,000 in relation to the C4 loan as a non-current liability, the balance reflects the Company's compliance with International Accounting Standards on financial instruments. Notwithstanding this, the Company remains contractually obligated to settle the full £2,500,000 which remains outstanding until settled per terms announced 2 October 2019.

At 30 June 2020, the Group had cash balances of £230,000 compared to £58,000 at 30 June 2019. The Group had trade and other payables of £655,000 at 30 June 2020 (2019: £1,440,000). Post period cash as of November 2020 is approximately £190,000.

Cash flows

Net cash inflow for the year was £172,000 compared with a net outflow of £803,000 in 2019. The change in net cash flow year on year being mainly due to the increased level of funds raised in the market and the reduction in the overall cost base of the business.

Cash Shell Status

On 4 November 2019, with the approval of the resolutions at the Company's General Meeting and the sale of the Company's 50% interest in MFDevCo to RMRI, the Company was designated an AIM Rule 15 cash shell. This requires the Company to make an acquisition (or acquisitions) which would constitute a reverse takeover under AIM Rule 14 within a prescribed timetable. On 14 April 2020, the Company announced a proposed reverse takeover transaction and suspension of trading. Following a period of due diligence, on 8 July, the Company announced the proposed transaction was no longer proceeding despite efforts to agree mutually acceptable terms. On 9 September 2020, the Company announced that, in line with the guidance issued in Inside AIM: Coronavirus - Temporary Measures 20 March 2020, the Company has been granted a six month extension bringing the deadline by which a reverse takeover must complete to 4 May 2021. Should the Company be unsuccessful in making an acquisition by that date then the Company's admission to trading on AIM would be cancelled unless a further extension is granted of which there is no guarantee.

Going Concern

The Directors judge it appropriate to adopt the going concern basis in preparing the Consolidated and Company Financial Statements.

In forming this judgement, the Directors reviewed the Group's funding, budget and business plan for the twelve months from signing the financial statements. The Directors have relied upon the critical assumption that the Group will be able to achieve the key milestones of the business plan, notably with regard to securing an acquisition or acquisitions which will constitute a reverse takeover, which they believe will result in the availability of adequate additional funding.

The Directors have concluded that to the extent that these assumptions are not valid, there exists a material uncertainty that casts significant doubt upon the Group's and the Company's ability to continue as a going concern.

Nevertheless, having stress-tested several forecast scenario assumptions and based on the knowledge that the Company is actively in negotiations with several targets, the Company is now assessing the implications of such acquisitions under AIM Rules. The Company has until 4 May 2021 to complete an acquisition which will constitute a reverse takeover, failing which the Company's admission to AIM could be cancelled, should this occur there would be no external market for shareholders to trade their shares in the Company.

The Directors therefore consider the assumptions as valid and consequently continue to adopt the going concern basis in preparing the financial statements.

Other events during the financial year

On 21 October 2019 the Company announced the return of the equity interest it held in Enegi Oil Inc. ("EOI") back to EOI in accordance with the applicable laws in Newfoundland, Canada. Although the investment value at the end of 2019 had been fully impaired in the financial statements, as at the start of this financial year the Company and prior to 21 October 2019, was a shareholder of EOI. Following the return of equity EOI will no longer be consolidated in the Group accounts.

On 4 November 2019, the Company convened a General Meeting where all resolutions relating to the restructuring announced on 2 October 2019 were carried. The passing of these resolutions resulted in the Company announcing its designation as an AIM Rule 15 Cash Shell.

The restructuring gave rise to the following and largely inter-conditional key events: the sale of the Company's 50% interest in MFDevCo to RMRI and settlement of all associated related party balances; refinancing of the Company's main loan balance; the raising of £500,000 through the placing of new ordinary shares; the sub-division of the Company's share capital; and the reconstitution of the Company's Board of directors. The reconstituted Board of directors saw the appointment of Mr. Jay Bhattacherjee as Non-Executive Chairman, the appointment of Mr. Andrew Dennan as Non-Executive Director alongside the continuation of Mr. Frank Jackson and Mr. Graham Scotton as Non-Executive Directors. On 13 November 2019, the Company announced the resignation, with immediate effect, of Mr. Graham Scotton.

On 6 January 2020, the Company announced an additional fundraise of £420,000. Subsequently, at the Company's Annual General Meeting held on 24 January 2020, all resolutions were passed.

On 17 March 2020, the Company announced that potential RTO targets were being evaluated across all sectors. Following this, on 14 April 2020 the Company's shares were suspended from trading following the announcement that it had signed Heads of Terms on a proposed RTO transaction within the circular economy industry. Unfortunately, following due diligence and despite efforts to agree mutually acceptable terms, the proposed transaction was not progressed.

Principal Risks and Uncertainties

Risk recognition and management are viewed as integral to the Group's objectives of creating and maintaining shareholder value. In spite of its designation as a cash shell, this remains true.

The Board, as a whole, is responsible for oversight of the processes by which risk is considered for both ongoing operations and prospective actions. In specific areas, it is assisted by the Audit and the Risk Committees. Management is responsible for establishing procedures which provide assurance that major business risks are identified, consistently assessed and appropriately addressed.

Cash Shell Status

The Directors consider the following of particular relevance given the Company's designation as a cash shell:

Ability to maintain AIM listing: As noted the Company has until 4 May 2021 to complete an acquisition which will constitute a reverse takeover, failing which the Company's admission to AIM could be cancelled, should this occur there would be no external market for shareholders to trade their shares in the Company.

Ability of the Company to continue as a going concern: As detailed in note 1, the ability of the Company to continue as a going concern is dependent on its ability to raise adequate finance in support of its acquisition objectives and working capital requirements over the upcoming period. However, in the event that the Company fails to raise sufficient funding to meet its objectives, it may not be able to continue as a going concern.

Ability of the Company to attract and close an RTO: There remains uncertainty as to closing of an transaction that qualifies as an RTO as well as the risk that should such RTO transaction be identified whether it attracts investment capital needed and/or is voted through at a future general meeting.

Financial Risk Management:

In addition, the following risks can arise in the normal course of business, and therefore considered relevant for the Company:

Currency risk: The Group may be exposed to changes in the exchange rate between the British pound (i.e. its reporting currency) and foreign currencies. Such movements could impact the financial performance of the Company. During the reporting year, the Group's held interests in Canadian Dollars via its subsidiary, Enegi Oil Inc. At each period end, assets and liabilities that are held in a currency other than the Group's reporting currency are translated into sterling. The resultant foreign currency gain or loss arising is reflected in the consolidated statement of comprehensive income (SOCI) in the period in which it arises.

Liquidity risk: The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due and to not undertake commitments which it is unable to meet, under both normal and stressed conditions. The Company has access to funding via capital markets (debt and equity) and these are considered sufficient to meet the anticipated funding requirements. Cash flow forecasts of the Company's liquidity requirements are monitored to ensure it has sufficient cash to meet operational needs over the next twelve months.

Financing risk: As the Group does not yet produce revenues it needs to continue to raise finance to implement its business strategy. The Board regularly monitors the availability of finance to ensure that it has sufficient confidence it can fund the actions that the Group needs to take to implement its strategy.

Section 172(1) Statement

Nu-Oil considers a collaborative engagement with its stakeholders to be an important component of developing a successful business and those stakeholders include not only shareholders, lenders, but also suppliers, employees and regulatory bodies where appropriate. Set out below is a description of the way in which Directors of the Company have regard for the matters set out in Section 172(1) of the Companies Act 2006, namely:

a) the likely consequences of any decision in the long term
b) the interests of the company's employees,
c) the need to foster the company's business relationships with suppliers, customers and others,
d) the impact of the company's operations on the community and the environment,
e) the desirability of the company maintaining a reputation for high standards of business conduct, and
f) the need to act fairly as between members of the company.

Shareholders

The current Board of the Company seeks to develop and retain a shareholder base of long-term shareholders who are aligned with the Group's strategy. The Board seeks to communicate the reasons behind the structural and essential changes which were approved by shareholders and initiated in the last quarter of 2019. These included the reasons why changes in senior leadership in the Group were necessary, the reasons why the refinancing the balance sheet was essential, the reasons for the Company's designation as a cash shell and the reasons behind the change in the Company's strategy. It has done so through market updates when appropriate, through multimedia engagement via the website and through direct shareholder engagement via email and telephone as well as at shareholder meetings. Whilst the Board would prefer to engage more regularly with the Company's shareholder base, the commercially sensitive nature of corporate transaction negotiations and findings during due diligence often restricts fuller market communication due to the confidential nature of relevant discussions and matters.

Lenders, advisors, and suppliers

The current Board has taken a proactive approach in its engagement with lenders and suppliers. The support of lenders and suppliers throughout the financial year has been crucial in the Board's ability to maintain cost discipline whilst settling and resolving many of the legacy liability exposures, thereby allowing the Company to attempt to turn around from its past performance.

Employees

The Company's future success and current stability has required a supportive, committed and adaptive team. Creating the right environment which is commercially opportunistic an innovative as well as disciplined has proven key in the Company's ability to tightly manage its cash position whilst the Company has not had access to capital markets for funding purposes.

Regulators

The Company has sought to engage in a respectful, positive and collaborative way with its NOMAD and the London Stock Exchange whilst pursuing its objective to complete a transaction which will constitute a reverse takeover.

The Board of directors of Nu-Oil and Gas Plc consider, both individually and together, that they have acted in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1) (a)-(f) of the Act) in the decisions taken during the year ended 30 June 2020.

Key Performance Indicators (KPI)

Given the Company's designated status as an AIM Rule 15 Cash Shell, the Board does not consider key performance indicators are appropriate to measure the performance of the business. The Board does, however, continue to closely monitor administrative expenses and cash position. The critical non-financial

KPI, at this stage, is the ability to complete an acquisition or acquisitions which would constitute a reverse takeover (RTO). The Directors expect further KPIs will become relevant and reported following an RTO acquisition.

On behalf of the Board

Jay Bhattacherjee, Non-Executive Chairman, 7 December 2020

Directors' Biographies

Jay Bhattacherjee, Non-Executive Chairman (Age 43)

Jay, a reservoir engineer, has over 20 years' experience in the resource sector during which he has worked for Apache, Pengrowth, Scotia Waterous and Longreach Oil & Gas Ltd. He was most recently Chief Executive Officer and Executive Director of Aminex Plc. He holds a B.Sc in Chemical Engineering with Petroleum Engineering from the University of Calgary. He was appointed a Non-Executive Director of Nu-Oil and Gas Plc in November 2019.

Andrew Dennan, Non-Executive Director (Age 35)

Andrew has many years' experience unlocking growth across AIM listed companies as a corporate financier and investment manager. Throughout his career he has been involved in stockbroking and asset management in prominent roles, leading proprietary investment decisions, capital raising, risk oversight and portfolio management. He was appointed a Non-Executive Director of Nu-Oil and Gas Plc in November 2019. He is CEO of Ascent Resources Plc and Non-Executive Director of Coro Energy Plc.

Frank Jackson, Non-Executive Director (Age 72)

Frank has over 20 years' experience in the oil and gas sector where he has raised significant funds, taken companies to market and negotiated hydrocarbon asset transactions. He was appointed Executive Commercial Director of Aurelian Oil and Gas. He has an ADipBA from the University of Cape Town and is a Fellow of the Chartered Institute of Secretaries and Administrators.

Chairman's Corporate Governance Statement

Corporate governance provides the foundation for all successful organisations and consequently, the Board supports and is committed to implementing good governance throughout the business.

Since September 2018 all AIM companies are required to comply with a recognised corporate governance code. The Company has adopted the Quoted Companies Alliance Corporate Governance Code (the "QCA Code") which the Board believes to be the most appropriate recognised governance code for the Company. The QCA Code provides the framework to ensure the appropriate level of governance is maintained, enabling the Company to embed a good governance culture within the organisation considered essential to building a successful and sustainable business for all stakeholders.

The Company's recent designation as a cash shell has meant inevitable change and the Board and leadership structure reflects the requirements to meet the QCA guidelines during this period.

Jay Bhattacherjee, Non-Executive Chairman

Application, principles and disclosure requirements of the QCA Code

The Company applies the QCA Code, which the Board believe is the most appropriate governance code for an AIM-listed company of its size. The QCA Code has ten principles of corporate governance that the Company has committed to apply within the foundations of the business, as summarised below.

Principle	*Application and Response*
Establish a strategy and business model which promote long-term value for shareholders.	The Company's Strategy and business model are to be confirmed and developed as a part of its next transaction which will constitute a reverse takeover.
Seek to understand and meet shareholder needs and expectations.	The Company engages with shareholders through its investor relations function and at General Meetings.
Take into account wider stakeholder and social responsibilities and their implications for long-term success.	Information regarding how the Company works with stakeholders can be found on the Company's website. Further information relating to the Company's Corporate Social Responsibility can be found on page 13.
Embed effective risk management, considering both opportunities and threats, throughout the organisation.	The Company's risk management framework is outlined on page 10.
Maintain the Board as a well-functioning balanced team led by the Chairman.	Information relating to the Board structure, composition and structures can be found on page 11 and 12.
Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities.	The skills and experience of the Board can be found on page 8 and on the Company's website.
Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.	Please see page 11 for further details.
Promote a corporate culture that is based on ethical values and behaviours.	The Group has necessary policies and procedures to ensure that the Company, its staff and third parties adhere to ethical values and behaviours.
Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board.	Information relating to roles and responsibilities of the Board, the role of Board committees, their terms and any matters reserved for the Board is available on the Company's website, nu-oilandgas.com.

Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.	The Company's performance is summarised in the Annual Report and the Interim Report. Further updates are provided to stakeholders through press releases and regular updates to the Company website.

Approach to Risk Management

The Board is responsible for putting in place and communicating an effective system to manage risk. Management determines the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Company's process of risk management and internal compliance and control includes:

- establishing the Company's goals and objectives, and implementing and monitoring strategies and policies to achieve these goals and objectives;
- continuously identifying and reacting to risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks;
- formulating risk management strategies to manage identified risks and designing and implementing appropriate risk management policies and internal controls; and
- monitoring the performance of, and continuously improving the effectiveness of, risk management systems and internal compliance and controls, including an ongoing assessment of the effectiveness of risk management and internal compliance and control.

The Board of Directors

The Company is managed through its Board of Directors. The Board's main roles are to create value for shareholders, to provide entrepreneurial leadership to the Group, to approve the Group's strategic objectives and to ensure that the necessary financial and other resources are made available to enable the Group to meet its objectives.

There are matters which are specifically reserved for the Board which include setting and monitoring business strategy; approving all investments and disposals; approving budgets and monitoring performance against budgets; reviewing the Group's health and safety policy and considering and appointing new Directors and the Company Secretary.

At the date of the report, the Board consists of three members: the Non-Executive Chairman, Jay Bhattacherjee and two Non-Executive Directors, Andrew Dennan and Frank Jackson. The Directors' biographies are set out on page 8.

Board election

Under the terms of the Company's Articles, each Director shall retire by rotation at the annual general meeting held in the third calendar year following the year in which such Director was elected or last re-elected. Each one of the Director's elections was confirmed at the last Annual General Meeting and so no Director is retiring by rotation at the forthcoming Annual General Meeting.

Board Meeting Attendance

The number of meetings held and attended by each of the Directors of the Company during the financial period are:

Director	Date of appointment	Date of termination	Number of meetings held during the time the Director held office	Number of meetings attended
Jay Bhattacherjee	4 November 2019	-	16	16
Andrew Dennan	4 November 2019	-	16	16
Frank Jackson	1 October 2011	-	26	26
Graham Scotton	28 January 2019	12 November 2019	12	12
Tejvinder Minhas	28 March 2013	1 October 2019	6	6
Damian Minty	1 October 2011	30 September 2019	5	5
Mike Bowman	1 April 2014	30 September 2019	5	5
Alison Pegram	28 January 2019	30 September 2019	5	3

Board Evaluation

The Board has an obligation to meet at least four times a year and all Directors have access to the Company Secretary.

Given the changes made to the Board and the dynamic nature of the Company's position, the Board does not consider it practical to have a formal performance evaluation procedure as described and recommended in the QCA Code at this stage. However, the Board recognises the need for such a process to be implemented in the short to medium term. The Directors will review of the functioning of the Board to ensure it is meeting its objectives.

Board Committees

The Board of Directors currently have in place four committees of Directors: an Audit Committee, a Remuneration Committee, a Nomination Committee and a Risk Committee. Each of these committees operates within written terms of reference approved by the Directors. Brief details of each committee are set out below. The full terms of reference for the Audit, Remuneration and Nomination Committees can be found on the Company's website.

- **Audit Committee:** The Audit Committee's mandate is to assist the Directors in fulfilling their responsibilities with respect to the Group's financial statements and other financial information required to be disclosed by the Company to the public, the Group's compliance with legal and regulatory requirements, and the performance of the Company's external auditor. The Committee comprises two Directors: Andrew Dennan (Chairman) and Frank Jackson. During the year and prior to the restructuring announced in October 2019, Frank Jackson and Mike Bowman sat on the audit committee. Mike Bowman has since resigned.
- **Remuneration Committee:** The Remuneration Committee's mandate is to assist the Directors in fulfilling their oversight responsibilities with respect to developing compensation and human resource policies and developing and assessing executive management compensation, development and succession. The Committee now comprises two Directors: Frank Jackson (Chairman) and Andrew Dennan. During the year and prior to the restructuring announced in October 2019, Frank Jackson and Mike Bowman sat on the Remuneration Committee. Mike Bowman has since resigned.
- **Nomination Committee:** The Nomination Committee's mandate is to assist the Directors with the appointment and re-appointment of Directors to the Board and to senior executive office. The Committee now comprises two Directors: Andrew Dennan (Chairman) and Frank Jackson. During the year and prior to the restructuring announced in October 2019, Frank Jackson and Mike Bowman sat on the Nomination Committee. Mike Bowman has since resigned.
- **Risk Committee:** The Risk Committee reports to and is mandated by the Board of Directors. Committee members are Dermot Boylan and Andrew Dennan. The Committee is charged with the review of the key risks inherent in the business and the system of control necessary to manage such risks and presents its findings to the Board. Liquidity risk and maintaining AIM listed status are the main corporate risks to which the Group is exposed. Each is monitored and reviewed regularly by the Board.

Health, Safety, The Environment And Corporate Social Responsibility

Although the Company's designation as an AIM Rule 15 Cash Shell means it does not have operating activities following the divestment of its investments, the Board remains committed to the following objectives and standards:

- We will strive to be a good partner with the communities and environments where we become operationally active; and
- We will seek to comply with best practice in terms of corporate governance and business practice.

Health and safety

The safety of our staff and consultants is of paramount importance and we can confirm no health or safety incidents occurred during the year.

The Company has an established Health, Safety and Environmental ('HSE') policy that is reviewed on an annual basis. Should the Company not have the in-house skills to develop and implement this policy, we will work with specialist consultants to ensure proper control of our activities. The Company's HSE policy is supported by the Board which receives updates at Board meetings on HSE activities as appropriate.

Environment

The Company's objective is to minimise its impact on the environment and, during the year, Nu-Oil and Gas Plc reported no environmental issues.

Corporate social responsibility

The Board recognises both the business imperative and the moral obligation to carry out its activities in a socially responsible way.

Our staff: they will be trained and developed in roles providing fulfilling employment whilst maintaining a culture which encourages an enjoyable work-life balance.

Our supply chain: we will collaborate with suppliers to develop long term partnerships, where long term reward is our objective.

Directors' Report

The Directors submit their report together with the audited Company and Consolidated Financial Statements of Nu-Oil and Gas Plc, a publicly limited company, for the year ended 30 June 2020.

Results and dividends

The Consolidated Financial Statements for the year ended 30 June 2020 are as set out on pages 24 to 44. The Group's loss for the year was £650,000 (2019: £2,799,000). The Company is unable to recommend the payment of a dividend at this time (2019: £nil).

Future developments

As already noted, the Group's priority remains the successful completion of a transaction which constitutes an RTO which will allow the Group's shares to be restored (via readmission) to trading on AIM. Should the company not complete a transaction constituting an RTO within the deadline stipulated by AIM, the Company's admission to trading on AIM could be cancelled.

Capital structure and significant shareholders

Details of the issued share capital together with details of movements in share capital during the year are included in the Consolidated Statement of Changes in Equity on page 27 and in Note 15 to the Consolidated Financial Statements.

The Company had one private investor who was classified as a significant shareholder who held 9.36% of the issued share capital at the reporting date.

Annual General Meeting

The Company's next Annual General Meeting will be held on 30 December 2020 at 10:00 a.m. A notice of the Annual General Meeting will be issued at least 21 days in advance.

Contracts of significance

At the date of this report and following the Company's return of the equity interest held in EOI, the Group only holds one contract of significance, which might be deemed essential to its ongoing economic success. This relates to the loan from C4 Energy Ltd. The lender is supportive of the Board and the designation of the Company as a cash shell and of the implications that holds. At the reporting date, the Company's holds an obligation to settle £2,500,000 with C4 Energy Ltd which will remain outstanding until it is extinguished as per the terms previously announced.

Independent auditors

A resolution to reappoint Crowe U.K. LLP ('Crowe') as the Group's independent auditors will be proposed at the forthcoming Annual General Meeting.

Going concern

The Directors judge it appropriate to adopt the going concern basis in preparing the Consolidated and Company Financial Statements.

In forming this judgement, the Directors reviewed the Group's funding, budget and business plan for the twelve months from signing the financial statements. The Directors have relied upon the critical assumption that the Group will be able to achieve the key milestones of the business plan, notably with regard to securing an acquisition or acquisitions which will constitute a reverse takeover, which they believe will result in the availability of adequate additional funding.

The Directors have concluded that to the extent these assumptions are not valid, there exists a material uncertainty that casts significant doubt upon the Group's and the Company's ability to continue as a going concern.

Nevertheless, having stress-tested several forecast scenario assumptions and based on the knowledge that the Company is actively in negotiations with several targets, the Company is now assessing Rule implications of such acquisitions under AIM Rules. The Company has until 4 May 2021 to complete an acquisition which will constitute a reverse takeover, failing which the Company's admission to AIM could be cancelled, should this occur there would be no external market for shareholders to trade their shares in the Company.

The Directors therefore consider the assumptions as valid and consequently continue to adopt the going concern basis in preparing the financial statements.

Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Disclosure of information to auditors

As far as each Director is aware, there is no relevant audit information of which the Company's Auditors are unaware. In addition, each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

Approved by the Board of Directors on 7 December 2020 and signed on its behalf by

Jay Bhattacherjee, Non-Executive Chairman,

Nu-Oil and Gas Plc, Registered number 06370792

Statement Of Directors' Responsibilities In Respect To The Financial Statements

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

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the Group financial statements and IFRSs as adopted by the European Union have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 also responsible for safeguarding the assets of the Group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The Directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's position and performance, business model and strategy.

In the case of each Director in office at the date the Directors' Report is approved:

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

By order of the Board

David Lau, Company Secretary, 7 December 2020

Unaudited Directors' Remuneration Report

This report has been approved by the Board. An ordinary resolution to approve this report will be put to shareholders at the next annual general meeting. It sets out the Company's policy on the remuneration of the Directors for the current and forthcoming financial years. Although AIM listed companies are not required to provide a remuneration report and, as such, the report below is unaudited, the current Board of Nu-Oil and Gas Plc is committed to high standards of corporate reporting and has included the following report.

Remuneration Committee

The Remuneration Committee comprises two Directors: Frank Jackson (Chairman) and Andrew Dennan. During the year, Frank Jackson and Mike Bowman sat on the Remuneration Committee. Mike Bowman has since resigned.

The purpose of the Remuneration Committee is to ensure that the Executive Directors of the Company are fairly rewarded for their individual contribution to the overall performance of the Company and to demonstrate to shareholders that the remuneration of the executive Directors of the Company is set by an individual who has no personal interest in the outcome of their decisions and who will have due regard to the interests of the shareholders.

Remuneration policy

The Company's policy on remuneration is to attract and retain the best people available as the Directors believe this is one of the best ways of ensuring the Company's future success. The remuneration packages offered to Directors use a combination of performance related and non-performance related elements designed to incentivise Directors and align their interests with those of shareholders.

Procedures for fixing remuneration and other benefits

The basic salaries and other benefits applicable to the executive Directors are decided by the remuneration committee. The Remuneration Committee also sets the criteria for bonuses and any other performance-based remuneration. The Committee is then responsible for measuring the extent to which these criteria have been achieved and setting the level of bonus awarded.

Report on remuneration

The Committee is authorised to obtain such external professional advice and expertise as it considers necessary and consults with the Chairman of the Company. It is also authorised by the Board to investigate any matter within its terms of reference and seek any information that it requires from any employee. During the year, the Committee did not seek any external advice.

Directors' interests in shares

The number of ordinary shares of 0.0001 pence each in the Company controlled by the current Directors was as follows:

	30 June 2020	30 June 2019
Frank Jackson	2,000,000	2,000,000

Equity incentives

The Company operates a Performance Share Plan which is an equity reward and incentive scheme which is designed to motivate executives and staff with a view to increasing shareholder value. The Remuneration Committee oversees the Performance Share Plan, approves the subscription price of awards under the Plan and the performance criteria to be satisfied before exercise is permitted, and monitors the effectiveness of the Performance Share Plan as an incentive to the executives and staff.

Under the Performance Share Plan, the options outstanding to the current Directors, as approved by the Company's Remuneration Committee, is as follows:

	Already Vested	Average Vest Price (pence)	Total Options
Frank Jackson	8,000,000	0.6000	8,000,000
Jay Bhattacherjee	90,000,000	0.0625	90,000,000
Andrew Dennan	90,000,000	0.0625	90,000,000

Directors' contracts

Directors are appointed subject to re-election at any annual general meeting at which, pursuant to the Company's articles of association, they are required to retire by rotation. Such re-election will take place at regular intervals of not more than every three years.

Remuneration of Non-Executive Directors

The Board sets the remuneration levels for Non-Executive Directors. They do not receive any pension or other benefits. Their level of remuneration is based on outside advice and a review of current practice in other companies.

Directors' emoluments

The following emoluments reflect amounts recorded in the Company's accounts year ended 30 June 2020 and 30 June 2019:

£'000s	Emoluments recorded year ended 30 June 2020	Settlement / Termination costs year ended 30 June 2020	Emoluments including settlements recorded year ended 30 June 2019
Jay Bhattacherjee	89	-	-
Andrew Dennan	82	-	-
Frank Jackson	37	-	30
Graham Scotton	-	-	31
Tejvinder Minhas	-	-	-
Damian Minty	-	-	120
Mike Bowman	-	-	-
Alison Pegram	3	-	15

Jay Bhattacherjee, Non-Executive Chairman, 7 December 2020

Audit Committee Report

The Audit Committee requires its members be Non-Executive Directors and comprises Andrew Dennan (Chairman) and Frank Jackson and generally meets at least twice per annum to review the audit plan received from the auditor prior to their year-end audit, and then meetings to review the half year and full year results prior to Board approval. During the year, Frank Jackson and Mike Bowman sat on the Committee. Mike Bowman has since resigned. The Committee has engaged Crowe U.K. LLP ('Crowe') to act as external auditors and they are also invited to attend Committee meetings, unless they have a conflict of interest

An important part of the role of the Committee is its responsibility for reviewing and monitoring the effectiveness of the Group's financial reporting, internal control policies, and procedures for the identification, assessment and reporting of risk. The Audit Committee is also responsible for overseeing the relationship with the external auditor.

The Committee is governed by the Terms of Reference summarised on the Company's website, but its main functions include:

- Monitoring the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance and reviewing significant financial reporting judgements contained in them;
- Reviewing and monitoring internal financial control systems and risk management systems on which the Company is reliant;
- Considering annual and interim accounts and audit reports; and
- Making recommendations to the Board in relation to the appointment and remuneration of the Company's auditors and monitoring and reviewing annually their independence, objectivity, effectiveness and qualifications.

During the 2020 audit, the Committee:

- Approved the audited year end and interim financial statements; and
- Recommended to shareholders the re-appointment of the Company's auditor, Crowe U.K. LLP.

Independent Auditors' Report To The Members Of Nu-Oil and Gas Plc

Opinion

We have audited the financial statements of Nu-Oil and Gas Plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 30 June 2020, which comprise:

- the Consolidated statement of comprehensive income for the year ended 30 June 2020;
- the Consolidated and Parent Company statements of financial position as at 30 June 2020;
- the Consolidated and Parent Company statements of changes in equity for the year then ended;
- the Consolidated and Parent Company statements of cash flows 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 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2020 and of the Group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union 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 relating to going concern

We draw attention to Note 1 in the financial statements, which indicates that further funds will be required to allow the Parent Company to continue as a going concern. The Directors expect this funding to become available following a potential acquisition, which is required to be completed by 4 May 2021 under AIM Rule 15 in relation to Cash Shells. As stated on Note 1, these events or conditions indicate that a material uncertainty exists and may cast doubt on the Group's and Parent Company'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 £40,000 (2019: £140,000), based on 4% percent of the Group's loss before tax of continued operations (2019: 5% loss before tax). The overall materiality for the Parent Company financial statements was determined to be £38,000 (2019: £135,000), based on 4% of the Parent Company's result before tax of continued operations (2019: 5% loss before tax).

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 £1,000. 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 Group and its subsidiaries are accounted for from one central operating location, the Group's registered office. Our audit was conducted remotely this year, due to the travel restriction imposed by the Covid-19 pandemic and all non-dormant Group companies were within the scope of our audit testing.

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.

In addition to the matter described in the 'Material uncertainty related to going concern' section, we have determined the matters below to be the key audit matters to be communicated in our report.

Key audit matter	***How the scope of our audit addressed the key audit matter***
Convertible loan note instrument	
During the year the group entered into a convertible loan note instrument. The group has classified the funds received between the debt and equity elements which requires a material judgement to determine the discount rate.	We have considered the judgement made by management in determining the discount rate used to calculate the separate components. This included: • Benchmarking of the rates used by similar companies; • Re-performance of the calculation discounting the cash flows; • Consideration of the adequacy of disclosures surrounding the judgement provided by management.

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 matters 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 strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In 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, 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.

Michael Jayson (Senior Statutory Auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

Manchester

7 December 2020

Consolidated and Parent Company Financial Statements

Consolidated Income Statement

For the year ended 30 June 2020

£'000	Note	2020	2019
Revenue		-	-
Cost of sales		-	-
Gross profit / (loss)		-	-
Administrative expenses		(739)	(1,441)
Other income	4	7	-
Loss from operating activities		(732)	(1,441)
Finance expense	7	(306)	(788)
Loss before tax		(1,038)	(2,229)
Discontinued operations			
Profit / (loss) from discontinued operations	6	-	(570)
Gain on disposal of subsidiaries joint-venture and related party initiatives	6	388	-
Tax	8	-	-
Loss for the period		(650)	(2,799)
Loss per share (pence per share)			
Basic	9	*(0.03p)*	*(0.20p)*
Diluted	9	*(0.03p)*	*(0.20p)*
Loss per share (pence per share) continuing operations			
Basic	9	*(0.04p)*	*(0.16p)*
Diluted	9	*(0.04p)*	*(0.16p)*

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2020

£'000	Note	2020	2019
Loss for the period		(650)	(2,799)
Other comprehensive income / (expense)			
Currency translation differences		-	6
Total comprehensive loss for the period attributable to owners of the parent		(650)	(2,793)

Consolidated and Parent Company Financial Statements (continued)

Consolidated Statement of Financial Position, as at 30 June 2020

£'000	Note	2020	2019
Non-current assets			
Property, plant and equipment	10	3	8
Intangible assets	10	-	-
Other long-term assets		-	500
		3	508
Current assets			
Trade and other receivables	13	122	1,165
Cash and cash equivalents		230	58
		352	1,223
Total assets		355	1,731
Current liabilities			
Loans	16	(200)	(2,562)
Trade and other payables	17	(655)	(1,440)
Due to related parties	14	-	(657)
		(855)	(4,659)
Non-current liabilities			
Provisions	11	-	(491)
Loans	16	(966)	-
Total liabilities		(1,821)	(5,150)
Net liabilities		**(1,466)**	**(3,419)**
Equity			
Ordinary share capital		193	3,207
Share premium account		32,266	31,359
Reverse acquisition reserve		-	9,364
Warrant reserves		415	404
Other reserves		3,016	(2,487)
C4 Loan Reserve		1,682	
Accumulated losses		(39,038)	(45,266)
Total equity		**(1,466)**	**(3,419)**

The financial statements together with the notes to the financial statements were approved by the Board

Jay Bhattacherjee, Non-Executive Chairman, 7 December 2020

Consolidated and Parent Company Financial Statements (continued)

Company Statement of Financial Position, as at 30 June 2020

£'000	Note	2020	2019
Non-current assets			
Property, plant and equipment	10	3	5
		3	5
Current assets			
Trade and other receivables	13	122	1,165
Cash and cash equivalents		230	58
		352	1,223
Total assets		355	1,228
Current liabilities			
Loans	16	(200)	(2,562)
Trade and other payables	17	(655)	(1,193)
Due to related parties	14	-	(464)
		(855)	(4,219)
Non-current liabilities			
Provisions			
Loans	16	(966)	-
Total liabilities		(1,821)	(4,219)
Net liabilities		**(1,466)**	**(2,991)**
Equity			
Ordinary share capital		193	3,207
Share premium account		32,266	31,359
Merger relief reserve		-	7,548
Warrant reserve		415	404
Other reserves		3,016	(2,487)
C4 Loan Reserve		1,682	-
Accumulated losses		(39,038)	(43,022)
Total equity		**(1,466)**	**(2,991)**

The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the Parent Company income statement or statement of comprehensive income. The loss for the Parent Company for the year to 30 June 2020 was £1,078,000 (2019: £2,698,000).

The financial statements together with the notes to the financial statements were approved by the Board

Jay Bhattacherjee, Non-Executive Chairman, 7 December 2020

Consolidated and Parent Company Financial Statements (continued)

Consolidated Statement of Changes in Equity, for the year ended 30 June 2020

£'000	Ordinary Share Capital	Share Premium Account	Merger Relief Reserve	C4 Loan Reserve	Warrant and Other Reserves	Accum Losses	Total Equity
Balance, 30 June 2018	3,072	31,062	9,364	-	(2,078)	(42,473)	(1,053)
Loss for the period	-	-	-	-	-	(2,799)	(2,799)
Currency translation differences	-	-	-	-	-	6	6
Comprehensive loss	-	-	-	-	-	(2,793)	(2,793)
Equity fundraise	135	297	-	-	(5)	-	427
Balance, 30 June 2019	3,207	31,359	9,364	-	(2,083)	(45,266)	(3,419)
Comprehensive loss in period	-	-	-	-	-	(650)	(650)
Discontinued operations	-	-	(9,364)	-	-	9,364	-
Fundraising & Loan Refinancing	2	918	-	1,682	-	-	2,602
Share Subdivision	(3,016)	-	-	-	3,016	-	-
Other reserves & warrants	-	(11)	-	-	2,498	(2,486)	-
Balance, 30 June 2020	193	32,266	-	1,682	3,431	(39,038)	1,466

Company Statement of Changes in Equity, for the year ended 30 June 2020

£'000	Ordinary Share Capital	Share Premium Account	Reverse Acquisition Reserve	C4 Loan Reserve	Warrant and Other Reserves	Accum Losses	Total Equity
Balance, 30 June 2018	3,072	31,062	7,548	-	(2,078)	(40,324)	(720)
Loss for the period	-	-	-	-	-	(2,698)	(2,698)
Currency translation differences	-	-	-	-	-	-	-
Comprehensive loss	3,072	31,062	7,548	-	-	(2,698)	(2,698)
Equity fundraise	135	297	-	-	(5)	-	427
Balance, 30 June 2019	3,207	31,359	7,548	-	(2,083)	(43,022)	(2,991)
Comprehensive loss in period	-	-	-	-	-	(1,078)	(1,078)
Discontinued operations	-	-	(7,548)	-	-	7,548	-
Fundraising & Loan Refinancing	2	918	-	1,682	-	-	2,602
Share Subdivision	(3,016)	-	-	-	3,016	-	-
Other reserves & warrants	-	(11)	-	-	2,498	(2,486)	-
Balance, 30 June 2020	193	32,266	-	1,682	3,431	(39,038)	1,466

Warrants and other reserves comprises: a warrant reserve of £415,000, reflecting the total cost of warrants issued pre and post IPO; and a deferred shares reserve of £3,016,000 which arose following the share sub-division in November 2019.

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Consolidated Cash Flow

For the year ended 30 June 2020

£'000	Note	2020	2019
Cash flow from operating activities			
Cash used in operating activities	18	(728)	(1,130)
Net cash used in operating activities		(728)	(1,130)
Cash flow from financing activities			
Share capital issued for cash		920	380
Loan repayments	16	(20)	(53)
Net cash from financing activities		900	327
Net (decrease)/increase in cash in the period		**172**	**(803)**
Cash and cash equivalents at the start of the period		58	861
Cash and cash equivalents at the end of the period		**230**	**58**

Company Cash Flow

£'000	Note	2020	2019
Cash flow from operating activities			
Cash used in operating activities	18	(728)	(1,130)
Net cash used in operating activities		(728)	(1,130)
Cash flow from financing activities			
Share capital issued for cash		920	380
Loan repayments	16	(20)	(53)
Net cash from financing activities		900	327
Net (decrease)/increase in cash in the period		**172**	**(803)**
Cash and cash equivalents at the start of the period		58	861
Cash and cash equivalents at the end of the period		**230**	**58**

Notes to the Financial Statements

Corporate Information

Nu-Oil and Gas Plc (the 'Company' and together with its subsidiaries, the 'Group') is a company incorporated in England on 13 September 2007 and has registered address of Audley House, 13 Palace Street, London, SW1E 5HX. The Group is domiciled in the UK for tax purposes and its shares are quoted on the Alternative Investments Market ('AIM') of the London Stock Exchange.

The Company is designated as an AIM Rule 15 Cash Shell.

1. Basis of Preparation

The consolidated financial statements of the Group and the financial statements of the parent Company have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), the Companies Act 2006 that applies to companies reporting under IFRS, and IFRS-IC interpretations. The consolidated financial statements have been prepared under the historical cost convention. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2.

Changes in accounting principles and adoption of new and revised standards

In the year ended 30 June 2020, the Directors have reviewed all the new and revised Standards. The only relevant new standard that is effective for this year's financial statements is IFRS 16 'Leases'. This standard does not have a material impact on the financial statements. Furthermore, at the reporting date, the Group's only lease arrangement is for a period of 12 months. Consequently, the Group intends to use the exemptions provided by the accounting standards for short-term leases (less than a year).

There are no standards in issue but not yet effective which could have a material impact on the financial statements.

Going concern

The Directors judge it appropriate to adopt the going concern basis in preparing the Consolidated and Company Financial Statements.

In forming this judgement, the Directors reviewed the Group's funding, budget and business plan for the twelve months from signing the financial statements. The Directors have relied upon the critical assumption that the Group will be able to achieve the key milestones of the business plan, notably with regard to securing an acquisition or acquisitions which will constitute a reverse takeover, which they believe will result in the availability of adequate additional funding.

The Directors have concluded that to the extent that these assumptions are not valid, there exists a material uncertainty that casts significant doubt upon the Group's and the Company's ability to continue as a going concern.

Nevertheless, having stress-tested several forecast scenario assumptions and based on the knowledge that the Company is actively in negotiations with several targets, the Company is now assessing the implications of such acquisitions under AIM Rules. The Company has until 4 May 2021 to complete an acquisition which will constitute a reverse takeover, failing which the Company's admission to AIM could be cancelled, should this occur there would be no external market for shareholders to trade their shares in the Company.

The Directors therefore consider the assumptions as valid and consequently continue to adopt the going concern basis in preparing the financial statements.

Basis of consolidation

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognised amounts of acquiree’s identifiable net assets.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying value is increased or decreased to recognise the investor’s share of the change in net assets of the investee after the date of acquisition.

The Group’s share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Distributions received from an associate reduce the carrying amount of the investment.

The Group formerly held a 50% interest in the Marginal Field Development (MFDevCo) Ltd. The Directors deem that the Group had significant influence but not control over this entity. In accordance with IAS 28 this investment was accounted for using the equity method of accounting. At the year end the investment balance is held at £nil following the reorganisation approved by shareholders in November 2019, MFDevCo has been disposed.

2. Significant Accounting Policies

The principal accounting policies have been applied consistently throughout the year.

Segment Reporting

IFRS 8 Operating Segments requires that the segments should be reported on the same basis as the internal reporting information that is provided to the chief operating decision-maker. The Group adopts this policy and the chief operating decision-maker has been identified as the Board of Directors of the Company.

Accounting policies

In historical periods, the focus in the Oil and Gas industry has given rise to it implementing several industry specific accounting policies relating to, interalia, oil and gas properties, intangible capitalised development costs and licenses. Following the divestment of its interests in MFDevCo and EOI these policies are no longer relevant.

Fixtures and fittings, equipment

Office furniture, fittings and equipment is stated at cost less accumulated depreciation and any impairment losses. The initial cost of an asset comprises its purchase price, any costs directly attributable to bringing the asset into operation, the initial estimate of any decommissioning obligation, if any, and, for qualifying assets, borrowing costs.

Office furniture, fittings and equipment is depreciated on a straight-line basis over its expected useful life. The useful life of the Company's office furniture, fittings and equipment is as follows:

Office equipment	3 to 15 years
Office furniture, fixtures and fittings	5 to 15 years

Other long-term assets

Long term assets usually in the form of deposits or investments, are recognised initially at fair value and subsequently measured at amortised cost less any provisions for impairment. A provision for impairment is established when there is objective evidence that the Company will not benefit from cash flows of an amount at least equal to the carrying value of the asset.

Government grant

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions. Grants received in the period were for the Coronavirus Job retention scheme and are included in other income. There are no unfulfilled conditions or other contingencies attaching to these grants. The group did not benefit directly from any other forms of government assistance. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Financial instruments

Financial assets

All of the Group's financial assets are held within a business model whose objective is to collect contractual cash flows which are solely payments of principals and interest and therefore classified as subsequently measured at amortised cost. The Group's and Company's financial assets include cash and cash equivalents and trade and other receivables.

The Group assesses, on a forward-looking basis, any expected credit loss, defined as the difference between the contractual cash flows and the cash flows that are expected to be received.

Financial liabilities and equity

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions, in accordance with IAS 32:

- They include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and

- Where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments. To the extent that this definition is not met, the financial instrument is classified as a financial liability.

As such, financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest of the assets of the Group after deducting all of its liabilities.

Borrowings

Borrowings are recognised initially at the fair value of the proceeds received which is determined using a discount rate which reflects the cost of borrowing to the Group. In subsequent periods borrowings are recognised at amortised costs, using an effective interest rate method. Any difference between the fair value of the proceeds costs and the redemption amount is recognised as a finance cost over the period of the borrowings.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Trade and other payables

Trade payables are non-interest bearing and are stated initially at fair value and then amortised cost.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Employee Benefit Trust

The Group has closed the Employee Benefit Trust as it had expired by the reporting date. Prior to its closure, the assets and liabilities of the Employee Benefit Trust were brought onto the Statement of Financial Position of the Company. Shares held by the trust were consolidated as a deduction from equity. This policy applied to both the Company and the Group.

Performance Share Plan costs

The fair value of awards granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date, using an appropriate pricing model taking into account the terms and conditions upon which the award was granted, and is spread over the period during which the awards vest. The amount recognised as an expense is adjusted to reflect the actual number of share awards that vest in the same period. At each reporting date, the Company revises its estimates of the number of options that are expected to vest. The Company recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Foreign currency translation

The Company's functional currency is sterling. Both Enegi Oil Inc. and Enegi Finance Limited (both subsidiaries at the prior year's reporting date) had a functional currency in Canadian dollars. The Group's presentation currency is sterling.

In preparing the financial statements of the individual companies, transactions in foreign currencies other than the functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date.

Exchange rate differences arising on the settlement of monetary items and on the retranslation of monetary items are included in profit or loss for the period. Exchange rate differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

On consolidation, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the rate at the date of the transaction is used.

Exchange differences that arise on long term intra-Group loans are recognised in the income statement in the individual financial statements of each Group company.

Income taxes

Current income tax assets and liabilities for the current and prior period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Share capital

Issued share capital is recorded in the Statement of Financial Position at nominal value with any premium at the date of issue being credited to the share premium account.

Share-based transactions

From time to time, the Company may pay for goods or services through the issue of new shares. The cost of such equity-settled transactions is recognised in the income statement, together with a corresponding increase in equity, in the period during which the goods or services are received.

The value of such share based payments is measured by reference to the fair value of the goods or services received or the market value of the shares issued, whichever value is more readily determinable.

Warrants

From time to time, the Company may issue warrants to suppliers as partial payment for goods or services or to investors or advisers in relation to the raising of new equity finance. When warrants are issued as partial payment for goods or services related to operations, the fair value of those warrants is recognised as a cost in the income statement. When warrants are issued in relation to the raising of new equity finance, the fair value of those warrants is set off against share premium. Warrants issued but not exercised are held in a warrant reserve within equity.

Investment in subsidiary undertakings

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the Directors when there has been an indication of potential impairment.

Critical accounting judgements and estimates in applying the Group's accounting policies

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates. In the process of applying the Group's accounting policies, management have made the following estimates that may have a significant effect on the amounts recognised in the financial statements:

Estimates and Judgements

Going Concern: The financial information has been prepared assuming the Group will continue as a going concern. The basis to which the Directors have formed this critical accounting judgement is further outlined in note 1 of the Group's accounts.

Determination of Discount Rates: Where settlement of the liability component of a compound financial instrument is deferred, the amounts payable in the future are discounted to their present value as at the date of initial recognition. The discount rate used is generally judged to be the entity's incremental borrowing rate, being the rate at which a similar borrowing might be obtained from an independent financier under comparable terms and conditions; in other words, a similar liability (including any embedded non-equity derivative features) that does not have an associated equity component.

3. Segmental Information

Prior to the Group's restructuring in 2019, the Group complied with IFRS 8 Operating Segments which requires that the segments should be reported on the same basis as the internal reporting information that is provided to the chief operating decision-maker. The Group adopts this policy and the chief operating decision-maker has been identified as the Board of Directors of the Company. Historically, the Directors considered there to be two operating and reportable segments, being that of the development of the non-Canadian based Oil and Gas opportunities and the operations in western Newfoundland. Following the Company's divesting of interests in both these segments and its designation as an AIM Rule 15 Cash Shell, these segments no longer apply.

Over the past year, given the state of the Group's operations, the chief operating decision maker relies primarily on an understanding of the cash requirements of the business to make decisions about how resources are to be allocated across the business. The decision to not commit further investment into Enegi Oil Inc. together with an assessment as to the potential future economic benefit from the portfolio held by Enegi Oil Inc gave rise to the full impairment of intangible assets held in Enegi Oil Inc in the prior period.

Excluding intercompany balances, the net assets of Enegi Oil Inc. at 30 June 2020 are as follows

£'000	Note	2020	2019
Non-current assets			
Tangible assets		-	3
Other long-term assets		-	500
		-	503
Current assets			
Trade and other receivables		-	-
Cash and cash equivalents		-	-
Total assets		-	503
Current liabilities			
Trade and other payables		-	(247)
Due to related parties		-	(343)
		-	(590)
Non-current liabilities			
Provisions		-	(491)
Total liabilities		-	(1,081)
Net liabilities		**-**	**(578)**

Subsequent to the reporting date, the Company returned the equity interest held in Enegi Oil Inc. further information is set out in Discontinued Operations.

4. Grant income

The Company has availed of government initiatives designed to support businesses impacted by Covid-19. Regarding the job retention scheme support initiatives, the Company has recognised £7,000 in respect of grant income for employees furloughed during the year.

5. Operating Loss

Operating loss is after charging:

£'000	Note	2020	2019
Depreciation, amortisation and impairment		2	1,000
Directors' fees		216	345
Debt provisions and recharge to MFDevCo		-	(151)

During the year, the Group obtained various services from its auditors, the costs of which are set out below:

£'000	Note	2020	2019
Audit fees		19	30
Other services		-	-
Tax compliance		4	10
		23	40

The tax compliance fees are payable in respect of the previous auditor.

6. Discontinued Operations

On 21 October 2019, the Company announced the returning of the interest held in Enegi Oil Inc.('Enegi') to Enegi with immediate effect. The returning of equity to Enegi was done as per the applicable laws in Newfoundland, Canada. As a result of that action, Nu-Oil and Gas held no further claim or call on Enegi.

On 4 November 2019, shareholders approved the resolutions put to a General Meeting which included the divestment of MFDevCo as a part of the wider and essential restructuring initiatives announced in early October 2019.

The consequence of this was the Company's formal designation as an AIM Rule 15 Cash Shell, which was announced by the Company on 4 November 2019.

The Company's interest in Enegi Finance Ltd. a dormant company originally established for finance and structuring purposes to support the development of the Group's interests in the Canadian oil and gas assets commenced the process of being wound-up. It was officially struck off the register of companies in October 2020.

The reversal of balances held in the consolidated and parent company accounts gave rise to non-cash net gain in the year of £388,000 in relation to the disposal of subsidiaries, joint-venture and related party initiatives. The performance results of discontinued operations are presented below:

£'000	Note	2020	2019
Revenue		-	-
Operating expenses		-	-
Administrative expenses		-	(238)
Impairment of intangible assets			(332)
Loss from operating activities		**-**	**(570)**
Finance expense		-	-

Loss before tax	-	(570)
Tax	-	-
Loss for the period	**-**	**(570)**

The operations in western Newfoundland were conducted by Enegi Oil Inc. No operational financial activity was reported during the period 1 July 2019 and 21 October 2019. For the financial year ended 2019, Enegi Oil Inc reported a loss of £570,000. No interest revenue or expense was generated or incurred. Given the trading losses, no income tax expense has been incurred.

7. Finance costs

£'000	Note	2020	2019
Interest expense		306	788

In 2020, the Company refinanced the loan it formerly held with Shard. The loan, refinanced with C4 Energy is detailed further in Note 16

8. Taxation

The Group has no current or deferred tax charge in the current or previous financial year. The Group has a net unrecognised deferred income tax asset. Differences were accounted for as follows:

	Note	2020	2019
Statutory income tax rate		19%	19%
£'000			
Loss for the period		(650)	(2,229)
Expected income tax recovery		(124)	(532)
Effect of overseas tax rates		-	(55)
Permanent difference		-	55
Transferred to losses		124	532
Total tax		-	-

The deferred income tax asset not recognised at 30 June 2020 is comprised of the following:

£'000	Note	2020	2019
Non-capital loss carried forward		11,245	8,866
Canadian Pool Assets		-	1,830
Total tax losses		11,245	10,696

Subsequent to the reporting date, the Company returned the equity interest held in Enegi Oil Inc as previously described.

9. Loss per Share (Expressed in Pence)

Loss per share amounts are calculated by dividing the loss for the year by the weighted average number of common shares in issue during the year.

Group, including discontinued operations	2020	2019
Loss attributable to shareholders (£'000)	(650)	(2,799)
Weighted average number of shares in issue	2,596,306,459	1,393,255,721
Fully diluted weighted average number of shares in issue	2,596,306,459	1,393,255,721

Basic loss per share (expressed in pence per share)	(0.03p)	(0.20p)
Diluted loss per share (expressed in pence per share)	(0.03p)	(0.20p)

Company, excluding discontinued operations	2020	2019
Loss attributable to shareholders (£'000)	(1,038)	(2,229)
Weighted average number of shares in issue	2,596,306,459	1,393,255,721
Fully diluted weighted average number of shares in issue	2,596,306,459	1,393,255,721
Basic loss per share (expressed in pence per share)	(0.04p)	(0.16p)
Diluted loss per share (expressed in pence per share)	(0.04p)	(0.16p)

There were 192,000,000 (2019: 53,000,000) share options issued which are anti-dilutive as at 30 June 2020.

10. Tangible and Intangible Assets

Tangible assets

£'000	Fixtures, fittings and equipment	O&G properties	Tangible capitalised dev costs	ARO	Group Total
Cost					
1 July 18	429	3,823	14,007	810	19,069
Net additions / disposals	-	-	-	-	-
Currency exchange movement		106	388	22	516
30 June 19	429	3,929	14,395	832	19,585
Net additions / disposals	-	-	-	-	-
Currency exchange movement	-	(42)	(154)	(9)	(205)
Discontinued operations	(429)	(3,887)	(14,241)	(823)	(19,380)
30 June 20	-	-	-	-	-
Charge / impairment					
1 July 19	(242)	(3,823)	(14,007)	(802)	(18,874)
Charge and impairments	(182)			(5)	(187)
Currency exchange movement		(106)	(388)	(22)	(516)
30 June 19	(424)	(3,929)	(14,395)	(829)	(19,577)
Charge and impairments	(2)	-	-	-	(2)
Currency exchange movement	-	42	154	9	205
Discontinued operations	426	3,887	14,241	820	19,377
30 June 20	-	-	-	-	3
Carrying value					
30 June 19	5	-	-	3	8
30 June 20	3	-	-	-	3

At the reporting date, the Company had tangible assets with a carrying value of £3,000 (30 June 2019 £5,000). These are shown as fixtures, fittings and equipment in the above table. All other tangible assets have been removed as a part of discontinued operations.

Intangible assets – Group

£'000	Intangible capitalised dev costs	Capitalised exploration costs	Licenses	Group Total
Cost				
1 July 18	899	1,919	470	3,288
Net additions / disposals				
Currency exchange movement		53	13	66
30 June 19	899	1,972	483	3,354
Net additions / disposals	-	-	-	-
Currency exchange movement	-	(21)	(5)	(26)
Discontinued operations	(899)	(1951)	(478)	(3,328)
30 June 20	-	-	-	-
Charge / impairment				
1 July 18	(408)	(1,597)	(470)	(2,475)
Charge and impairments	(491)	(322)		(813)
Currency exchange movement		(53)	(13)	(66)
30 June 19	(899)	(1,972)	(483)	(3,354)
Charge and impairments	-	-	-	-
Currency exchange movement	-	21	5	26
Discontinued operations	899	1951	478	3,328
30 June 20	-	-	-	-
Carrying value				
30 June 19	-	-	-	-
30 June 20	-	-	-	-

In 2019, the Directors conducted a review of the carrying value of the Group's tangible and intangible fixed assets and concluded there was nil recoverable economic value from its intangible assets. Following the divestment of the oil and gas portfolio, the costs and accumulated impairment and charges have been removed and shown as discontinued operations

11. Provisions

£'000	Note	2020	2019
Balance at start of year		491	470
Currency translation differences		-	25
Discontinued operations		(491)	
Unwinding of discount rate		-	(4)
Balance at end of year		-	491

Under the terms of the lease and licence, Enegi Oil Inc, had an obligation to comply with the provincial laws of abandonment. That obligation involved closing in any wells and removing the well-head equipment, removing any buildings, engineering structures, materials and waste from the site and then replanting the land to restore it to its original condition. Following the return of equity in Enegi Oil Inc., Nu-Oil and Gas has no further interest in Enegi Oil Inc and is no longer required to account for its interests.

12. Other Long-Term Assets and Investments

£'000	Note	2020	2019
License deposits		500	500
Discontinued operations		(500)	-
Balance at end of year		-	500

The licence deposits are held by the relevant regulatory body. They were paid over when Enegi Oil Inc acquired its stakes in the lease and licence. The terms provided that the deposits would either be returned at the expiry of the lease and licence or set off against royalty payments if and when they become due.

Following the returning of the Group's interest in Enegi Oil Inc. these balances are no longer carried as a receivable and have been removed as a part of discontinued operations.

Company investments

£'000	Note	2020	2019
Investment in Group companies at start of year		-	326
Impairment		-	(326)
Investment in Group companies at end of year		-	-

In 2019, the Directors conducted a review of the carrying value of the Company's other long-term assets, which consisted of investments in Group companies and in MFDevCo. The balance represented the carrying value of the investment in Enegi Oil Inc. The impairment in the prior period reflected the application of the Group's accounting policy with respect to the amortisation of Enegi Oil Inc.'s capitalised exploration costs.

The Group held a 50% interest in MFDevCo in which it has invested as part of its marginal or stranded field strategy. Its investment had been accounted for using the equity method and was deemed to have zero value as the cumulative losses in MFDevCo exceeded the investment that had been made by the Group.

13. Trade and Other Receivables

Trade and other receivables

£'000	Note	2020	2019
Sales taxes receivables		85	-
Prepayments and other receivables		37	1,165
		122	1,165

The trade and other receivables showing in the Company's statement of financial position relate to sales taxes receivable of £81,000 (2019: £nil) and prepayments and other receivables of £27,000 (2019: £1,165,000). Other receivables in 2019 related to services provided to MFDevCo as part of the former marginal field strategy. These amounts are no longer recoverable following the divestment of the interest in MFDevCo in November 2019.

14. Related Party Transactions

Group

All of the Group's related party balances were settled as a part of the November 2019 restructuring and removed as a part of discontinued operations.

£'000	Note	2020	2019
RMRI Group		367	367
RMRI Group (UK)		464	464
RMRI Canada Inc.		193	193
Discontinued operations		(1,024)	-
		-	1,024

In addition to the above, in 2019 £556,000 was recorded in the Company's accruals as Applications for Payment but not yet invoiced. These too have been discharged as a part of discontinued operations.

Company

In 2019 the Company was owed an additional £151,000 by its principal trading subsidiary, Enegi Oil Inc. As a result of the trading performance of Enegi Oil Inc. the Company has provided in full against this receivable and as such the amount carried at 30 June 2019 was £nil.

Amounts owed by the Company to the companies listed above in 2019 totalled £469,000. During the year no charges were incurred.

15. Ordinary Share Capital and Share Premium Account

In October 2015, the Company undertook a reorganisation of its share capital. Under the Companies Act 2006 a company is unable to issue shares at a subscription price which is lower than the nominal value. Therefore, in order to raise additional funding a reorganisation of the Company's share capital was performed.

The reorganisation subdivided existing shares into new ordinary shares with a nominal value of £0.001 and deferred shares with a nominal value of £0.009. The deferred shares, amongst other things, are not traded, do not receive dividends and do not have voting rights. The issue of new ordinary shares will not require the issuance of deferred shares to new subscribers. At the time of the reorganisation 189,792,348 shares were in circulation.

During the year the Company again undertook a reorganisation of its share capital for similar reasons to those noted above. The reorganisation subdivided shares into new ordinary shares with a nominal value of £0.000001 and deferred shares with a nominal value of £0.000999. The deferred shares, amongst other things, are not traded, do not receive dividends and do not have voting rights. The issue of new ordinary shares will not require the issuance of deferred shares to new subscribers. Following the reorganisation, the placing and the issue of the settlement shares approved by shareholders on 04 November 2019, 2,590,393,217 shares were in circulation.

	Note	Number of shares 000's	Ordinary Share capital £
Issued ordinary shares of 0.0001p each		3,390,393	3,390
Issued deferred shares of 0.0999p each		189,792	189,603

The weighted average number of ordinary shares in issue during the year was 2,596,306,459 (2019: 1,393,255,721).

The movement in share capital and share premium in the current is as follows:

	Note	Ord. Shares 000's	Deferred Shares 000's	Ord. Share Capital £'000	Share Premium £'000	Total £'000
Balance, 1 July 2019		1,498,727	189,792	3,207	31,359	34,566
Effect of share reorganisation		-	-	(3,016)	-	(3,016)
Effect of warrants		-	-	-	(11)	(11)
Share issue		1,891,667	-	2	918	920
Balance, 30 June 2020		1,498,727	189,792	193	32,266	32,459

At 30 June 2020, the warrants relating to the Company's ordinary share capital had been issued:

	Ord.Shares	Exercise Price GBP £	Expiry
Warrants: Company's Nomad	9,416,885	0.0063	6 November 2021
Warrants: Company's Broker	13,043,478	0.01150	28 March 2021
Warrants: Company's Broker	8,333,333	0.00030	3 April 2024
Warrants: Company's former Broker	10,000,000	0.01100	26 July 2022
Warrants: Various	110,000,000	0.000625	19 January 2024

16. Net debt

	YA Global	Shard Loan	C4 Loan	Total
Balance 1 July 2018	(183)	(1,643)	-	(1,826)
Cash flows – repayments	15	38	-	53
Movements in accrued interest	(13)	(776)	-	(789)
Balance 30 June 2019	(181)	(2,381)	-	(2,562)
Movement in accrued interest	(39)	(119)	-	(158)
Refinancing	-	2,500	(2,500)	-
Cash flows – repayments	20	-	-	20
Movement in accrued interest	-	-	(148)	(148)
Transfer to equity loan reserve	-	-	1,682	1,682
Balance 30 June 2020	(200)	-	(966)	(1,166)

In October 2019, Shard Capital Management Limited ('Shard') sold its interest in the Shard Loan to C4 Energy Limited ('C4'). Following the novation of the loan, the Company agreed refinancing terms with C4 and entered into a convertible loan note instrument resulting in the issuance of loan notes with a par value of £2,500,000. The notes are convertible into ordinary shares at a fixed price of 0.05p per share at the option of the lender, are freely transferable and have a maturity date in October 2024. The notes are unsecured and carry a nil interest coupon.

In accordance with IAS 32, judgement is requirement when determining the classification of financial instruments in terms of liability or equity. These judgements include an assessment of whether the financial instrument includes any embedded derivative features, whether it includes contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party, and whether that obligation will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

Under the terms of accounting standard IAS 32, the C4 loan note instrument is assessed to be a non-derivative compound financial instrument and as such the Company is required to recognise separately the components of the financial instrument that (a) creates a financial liability and (b) grants an option to the holder of the instrument to convert it into an equity instrument of the entity. In establishing the value of these components, an effective interest rate must be used. The value of the liability component is determined by discounting the par value at the effective interest rate upon initial recognition. The discount rate used for this purpose has been assessed to be 25%. By reference, the cost of capital of the Shard loan was used as a start point in forming this judgement; a sensitivity of +/- 5% in the interest rate would result in a decrease/increase in the value of the liability component as at the reporting date of £146,000/£185,000 and an increase in the finance expense of £3,000/£2,000. The discount is then unwound over the remaining life of the loan. The value attributable to equity component represents the residual interest in the instrument upon initial recognition. Consequently, at the point of initial recognition, the sum of the carrying amounts assigned to the liability and equity components is always equal to the value of the instrument as a whole, namely £2,500,000.

The Company remains contractually obligated to settle the full £2,500,000 which remains outstanding until it is extinguished through conversion, maturity of the instrument, or some other transaction.

The Company also has a loan with YA Global. In March 2020, the Group reached a settlement agreement with YA Global regarding amounts owing to them upon satisfactory completion of a transaction constituting a reverse takeover. YA Global has indicated it may accept settlement via newly issued ordinary shares.

17. Trade and Other Payables

£'000	Note	2020	2019
Trade payables		473	512
Accruals		157	752
Taxation and social security		6	115
Other payables		-	50
Pension		19	11
		655	1,440

The trade and other payables shown in the Company's statement of financial position relate to trade payables and accruals of £651,000 (2019: £1,132,000).

18. Cash Used in Operations

Consolidated

£'000	Note	2020	2019
Loss before income tax – continuing operations		(1,038)	(2,229)
Loss before income tax – discontinued operations		388	(570)
Loss before income tax		(650)	(2,799)
Related party and global settlement agreement		(388)	117
Increase/(decrease) in trade and other payables		122	(64)
Depreciation, amortisation and impairment		2	1,000
Decrease/(increase) in receivables		(120)	(172)
Other non-cash movements		-	-
Financing activities increase / (decrease)		306	788
Cash flows used in operating activities		(728)	(1,130)

Company

£'000	Note	2020	2019
Loss before income tax – continuing operations		(1,038)	(2,698)
Loss before income tax – discontinued operations		(40)	-
Loss before income tax		(1,078)	(2,698)
Decrease in related party payable		40	105
Increase/(decrease) in trade and other payables		123	(114)
Depreciation, amortisation and impairment		2	996
Decrease in receivables		(121)	(207)
Other non-cash movements		-	-
Financing activities increase / decrease)		306	788
Cash flows used in operating activities		(728)	(1,130)

19. Employees and Directors

£'000	Note	2020	2019
Employees		168	222
Directors		216	345
Social Security Costs and Taxes		20	45
		404	612
Average monthly number of people employed		*3*	*5*

Excluding settlement and termination costs, the largest Director emoluments for the year were £88,500 (2019: £120,000).

20. Financial Instruments

The Company's principal financial instruments comprise cash, trade and other receivables, trade and other payables and accruals and loan amounts owed, which are set out in the Statement of Financial Position. The carrying values of the Company's financial instruments approximate their fair values due to the short-term maturity and normal trade credit terms of these instruments.

Financial instruments issued by the Group are treated as equity only to the extent they meet the relevant conditions in accordance with IAS 32. Specifically, the Company's loan with C4 is the only such instrument issued by the Company, refer Note 16.

For the other financial instruments referred to above, credit and liquidity risks are noted.

Credit risk on liquid funds is considered limited because the Group counterparty exposure is to a UK and international bank with an investment grade credit rating. Liquidity risk implies maintaining sufficient funds to meet the Company's liabilities when they fall due. The Board has been disciplined in managing the Company's cash and commitment positions actively engaging with creditors and advisors to ensure committed credit lines are agreed and reasonable and through its regular review of the Company's cash forecast. The liquidity risk associated with the C4 loan is considered negligible.

21. Subsidiary Companies and Investments

Principal Group investments

Following the reorganisation in November 2019, the Group had just one subsidiary at the year end, namely Enegi Finance Limited, which was wholly owned. Enegi Finance Limited was a dormant entity and has since been wound-up and was officially struck off the register of companies in October 2020. Its former registered office was at 5th Floor, Castlefield House, Liverpool Road, Manchester, England, M3 4SB.

22. Post balance sheet events

Subsequent to the year end, on 8 July 2020, the Company updated the market to confirm that the transaction announced 14 April 2020 was no longer proceeding despite efforts to agree mutually acceptable terms.

On 9 September 2020, the Company announced that in line with the guidance issued in Inside AIM: Coronavirus Temporary Measures 20 March 2020, the Company has been granted an extension to the deadline by which it must complete a reverse takeover (as set out in AIM Rule 15) ("RTO") by six months from 4 November 2020.