JERSEY OIL AND GAS PLC
(FORMERLY TRAP OIL GROUP PLC)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

REGISTERED NUMBER: 07503957 (England and Wales)

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FOR THE YEAR ENDED 31 DECEMBER 2015**

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Highlights

- Settlement agreement negotiated and entered into with the Athena oilfield consortium to ring-fence the Group's contractual liabilities associated with its interest in Licence P.1293 Block, 14/18b ("Athena")
- Agreement also reached with CGG Services (UK) Limited ("CGG") to expunge the Group's remaining debt due to CGG
- Acquisition of Jersey Oil and Gas E&P Limited, refined business strategy and appointment of Andrew Benitz as Chief Executive Officer and Ron Lansdell as Chief Operating Officer
- Change in Company's name to Jersey Oil and Gas plc
- Placing to raise approximately £0.82m (before expenses) to provide additional working capital
- Exploration well drilled on Licence P.1889, Block 12/26b & 27 ("Niobe") thereby satisfying licence obligations, however no significant hydrocarbons were encountered
- Worked up prospectivity for Licence P.2170, Block 20/5b ("Cortina")
- Capital reorganisation involving, inter alia, a 1 for 100 share consolidation
- Active in nine sales processes involving more than 25 field interests
- Loss (before and after tax) for the year of £1.4m (2014: £44.4m)
- Cash at the year end of £0.9m

Post period end

- Sale and purchase agreement ("SPA") signed with Azinor Catalyst Limited ("Catalyst") for the farm-out of the Group's 50 per cent. interest in Seaward Production Licence P.1989, Blocks 14/11, 12 & 16
- Farm out process underway for Licence P.2170 which contains the Verbier and Cortina prospects with oil in place estimates of 300MMbbls and 212MMbbls respectively
- Relinquishment of Licence P.1610, Block 13/23a ("Liberator"), Licence P.1666, Block 30/11c ("Romeo"), Licence P.1889, Blocks 12/26b & 27 ("Niobe-Kratos") and Licence P.1556, Block 29/1c ("Orchid") due to the cost of maintaining such licences and limited realisation opportunities in the current oil price environment
- Actively engaged in ongoing asset/corporate opportunities with a further pipeline of potential deal flow
- Working closely with a major bank who is keen to support us as a possible provider of Reserve Base Lending against production assets that the Company acquires

Outlook

- An active acquisition and divestiture market exists in the UK North Sea region and the continued depressed oil price environment is providing an increasing number of asset acquisition opportunities
- The Board remains confident in the Group's ability to transact on a number of acquisition targets during 2016
- Business strategy remains focused on creating shareholder value through the acquisition of cash generative, profitable, producing target assets, beneficially using the Group's valuable tax losses

Introduction
The year ended 31 December 2015 was another year of great change for both the Company and the North Sea oil and gas operating environment, set against a backdrop of continuing and substantial falls in the price of oil. For the Company itself, 2015 can be broken down into two parts, the first of which saw us negotiate terms with our major creditors in order to enable the Company to look at strategic alternatives going forward. The second part of the year saw the Company successfully complete the acquisition of Jersey Oil and Gas E&P Limited ("JOG E&P") and a re-capitalisation of the business via a placing. The Company's name was then changed to Jersey Oil and Gas plc ("JOG" or the "Company") and, with new senior management personnel, we adopted a refined business strategy of seeking to unlock the inherent value in the Group's existing asset portfolio and it's tax losses, together with the identification of potential acquisitions of North Sea producing assets. I was particularly pleased to welcome Andrew Benitz as the Company's new CEO following the JOG E&P acquisition. Andrew and his executive team have approached the new strategy with great dedication and energy. He has brought with him a mature deal flow pipeline and a major bank which is keen to support us as a possible provider of Reserve Based Lending against those production assets that we seek to acquire. The other theme for the year was reducing costs, which was done very effectively with G&A costs currently running at approximately £0.9m per year, down from £1.5m during 2015.

Agreement Reached with Creditors
The combination of the significant drop in the oil price, a large increase in the expected decommissioning costs on our 15% interest in the Athena oilfield (Licence P.1293, Block 14/18b) and a significant ongoing deferred payment liability to CGG Services (UK) Limited ("CGG"), led to a position where it was thought likely that the Company may well have had liabilities greater than its assets. By far the largest of our financial commitments was to our partners in the Athena oilfield consortium (the "Athena Consortium"). A precursor to the agreement eventually reached between the Company and the Athena Consortium was for the renegotiation of the consortium's existing contract with BW Offshore (UK) Limited ("BW Offshore") the provider and operator of the Athena Floating Production, Storage and Offloading vessel. Whilst the amended contract, which was effective from June 2015, reduced the Athena Consortium's overall loss exposure, it did however necessitate a larger cash outflow in June 2015 than would have been required under the pre-existing contract. Subsequent to the revised contract with BW Offshore being agreed, and also effective from June 2015, the Company successfully entered into agreements with both the Athena Consortium and CGG such that, in return for an aggregate payment of £2million by the Company to the Athena Consortium and CGG, all of the Company's contractual liabilities to these parties would be ring-fenced and/or expunged.

Under the terms of these settlement agreements, all future liabilities (including decommissioning costs) relating to Athena are now to be met by the partners in the Athena Consortium, other than the Company, and the Company will no longer have any outstanding debt due to CGG. Repayment to the Athena Consortium can only be sought from future revenue generated from the Athena Field and 60 per cent. of any petroleum sales or net disposal proceeds stemming from certain other specified licence interests, being Magnolia (Licence P.1610, Block 13/23a), Romeo (Licence P.1666, Block 30/11c), Niobe (Licence P.1889, Block 12/26b & 27b), Homer (Licence P.1989, Blocks 14/11, 12 & 16) and Cortina (Licence P.2170, Blocks 20/5b and 21/1d). Should the Company not have repaid the outstanding debt obligation by the time the Athena Field is decommissioned the remaining debt will be written off by the Athena Consortium. The decommissioning of the Athena field has since commenced and, as noted below, we have relinquished our interests in Magnolia, Romeo and Niobe.

Acquisition of Jersey Oil and Gas E&P Limited
Having entered into the settlement agreements referred to above it was then possible for us to seek ways of potentially extracting value from the Company's tax losses (amounting to approximately £25m as at 31 December 2015), its quotation on AIM and its then remaining licence interests.

In August 2015, the Company acquired Jersey Oil and Gas E&P Limited for a consideration of £0.495m, satisfied by the issue of 2,250,000 new ordinary shares. In addition, the Company successfully re-capitalised the business via a placing to raise approximately £0.82m (gross) and strengthened its senior management team through the appointments of Andrew Benitz and Ron Lansdell (both founding shareholders and directors of JOG E&P), as Chief Executive Officer and Chief Operating Officer of the Company respectively. As detailed further in the Chief Executive Officer's Report, the enlarged Group has since been evaluating numerous potential acquisition opportunities involving late stage North Sea oil and/or gas producing assets.

Review of Operations

Athena
In February 2015, the Company reported that despite continued stabilised production rates of approximately 4,800 bopd gross (720 bopd net to JOG), due to the then prevailing oil price of approximately US$58/barrel, the Athena oilfield was incurring a cash outflow of approximately £380,000 per month after absorption of the Group's share of the field's operating costs. The field continued to produce throughout the first six months of the year, although the rate had declined to less than 3,800 bopd (570 bopd net to the Company) by the end of June 2015. It was against this background that the contract between the Athena Consortium and BW Offshore was renegotiated, followed by the settlement agreement between the Company and the Athena Consortium.

Niobe
Our drilling prospect in the period was the Niobe exploration well (Licence P.1889, Blocks 12/26b & 27b), which was drilled by Suncor Energy UK Limited in June 2015 (Suncor Energy UK Limited, operator (49.5 per cent. equity interest)), Norwegian Energy Company UK Limited (22.5 per cent. equity interest) and JOG (28 per cent. equity interest, of which 2.5 per cent. was a carried interest).

The exploration well (for which the expected costs had been pre-paid), was drilled to its target depth of 5,005 feet Measured Depth Below Rotary Table within the Late Jurassic Heather Formation. No significant hydrocarbons were encountered and the well was therefore plugged and abandoned, with the licence interest subsequently being relinquished with an effective date of 31 December 2015.

Orchid
In line with our cost minimisation strategy, the Company relinquished its interest in Orchid (Licence P.1556, Block 29/1c) following extensive efforts to secure a potential farm out.

Licence P.2032
Total E&P UK Limited ("Total") had a conditional agreement to pay the Company £1m in relation to the termination of its farm-in to Licence P.2032, Blocks 21/8c, 21/9c, 21/10c, 21/14a and 21/15b in certain circumstances. Total is disputing that the conditions giving rise to the obligation to pay the Company the claimed amount have been satisfied and we are taking steps to pursue recovery of this amount.

Post Year End Licence Interests

Liberator
Effective 6 January 2016, and as a result of significant ongoing licence fees, Licence P.1610, Block 13/23a ("Liberator") was relinquished. The Company has therefore forgone its 10 per cent. carried interest in this licence.

Licence P.1989
In January 2016, the Company entered into a sale and purchase agreement (the "SPA") with Azinor Catalyst Limited ("Catalyst") for the farm-out of its 50 per cent. interest in Seaward Production Licence P.1989, Blocks 14/11, 12 & 16 (the "Licence").The balancing 50 per cent. interest in the Licence was held by Norwegian Energy Company UK Limited ("Noreco") and under the terms of the SPA, Catalyst agreed to acquire 100 per cent. of the Licence from both Trap and Noreco, and to be appointed as Operator. By way of consideration, Catalyst has undertaken certain firm work commitments, as set out in the terms of the Licence. These terms include the drill-or-drop obligation in respect of an exploration well, and a commitment to make certain payments to each of the Company and Noreco contingent on the occurrence of certain future events, namely:

- US$2m within 90 days of the date when an exploration well, drilled within the Licence area, exceeds a threshold of net pay with a vertical extent of no less than twenty metres of sands with a hydrocarbon saturation above sixty per cent. and a permeability cut-off of 1mD; and
- a further US$2m within 90 days of the date when a Field Development Plan in respect of the aforementioned exploration well is approved by the Secretary of State for Energy and Climate Change.

Romeo
Effective 11 February 2016, a decision by the joint venture partners was made to relinquish Licence P.1666, Block 30/11c ("Romeo"). Relinquishment of this licence interest has removed further cost exposure for JOG.

Licence P.2170, Blocks 20/5b & 21/1d ("Cortina")
The Company and its co-venturer, CIECO Exploration and Production (UK) Limited are currently seeking farm-in partners for their Cortina blocks. Two large medium risk oil prospects have been identified with most likely unaudited in place volumes of 300 and 212 million stock-tank barrels ("Mmstb") respectively, analogous to the adjacent Tweedsmuir fields. Prospectivity has been confirmed following extensive geological and geophysical analysis undertaken by JOG utilising the latest and best quality seismic data available, including a stratigraphic re-interpretation of 12 key wells and a petroleum charge study.

Financial review
The Company made a loss before and after tax of £1.4m for the year ended 31 December 2015 (2014: a loss of £44.5m). This result included an exceptional gain of £3.3m (2014: £21.8m), which was largely a result of the settlement agreement reached with the Athena Consortium and CGG, offset in part by the writing off of goodwill relating to the acquisition in the year. The year end net cash position was £0.9m.

Corporate annual overheads for 2015 were £1.5m, down from £3.1m in 2014 and £4.5m in 2013.

Subsequent to the year end, management and senior employees agreed to take further salary cuts therefore enabling the Company to operate within its existing cash reserves into 2017; further details can be found in the remuneration report.

Share Capital Reorganisation
In August 2015, a capital reorganisation was implemented pursuant to which the number of ordinary shares in issue was effectively reduced by a factor of 100. In addition, shareholder approval was obtained to amend the Company's Articles of Association so as to increase the Company's borrowing powers, increase the Directors' authority to allot shares and disapply certain pre-emption rights. Full details of these changes were set out in a circular to shareholders published on 28 July 2015, a copy of which is available on the Company's website at www.jerseyoilandgas.com.

Outlook
We have an unencumbered company with significant tax losses. Since the new team members joined the Company in August 2015, they have worked diligently reviewing a large number of acquisition opportunities in the North Sea and are continually updating and enhancing our large database of North Sea fields. Although several bids have been made to date, no acquisitions have yet been consummated, due in part to the volatile oil price in the second half of 2015 which has led a number of vendors expectations remaining unrealistic.

Nonetheless, the business strategy has never been more relevant and the continued sustained depression in the oil price is leading us to see an increasing number of opportunities as vendor expectations become more realistic or lenders force companies to dispose of non-core assets to meet their debt and banking obligations. Although it is clearly difficult to forecast a definitive date for our first acquisition, which itself will be dependent on agreeing acceptable terms with vendors, I am confident that the team we have in place, positive indications of funding support, a pipeline of potential deals and the current business environment will lead to the successful acquisition of production assets in 2016 and beyond.

M J Stanton
Non-Executive Chairman
22 April 2016

In August 2015, Jersey Oil and Gas E&P Limited ("JOG E&P") combined with Trap Oil Group plc ("Trap Oil") to form an enlarged group with a renamed parent entity, Jersey Oil and Gas Plc ("JOG"). JOG E&P was launched as a private company in 2014, following the careful assessment of the oil and gas market with a targeted strategy to acquire production assets within the UK Continental Shelf ("UKCS") sector of the North Sea. This was driven by an acknowledgment that exploration activities held limited appeal to investors and could not be appropriately financed under the current depressed market conditions. However, attractive cashflow generating assets remained viable, and JOG E&P felt that it had a key market advantage taking into account its core technical team's excellent working knowledge of the UKCS, built through decades of active involvement within the North Sea.

As a private company, when approaching potential vendors of suitable assets, JOG E&P was often asked whether it had any tax losses that could serve to make its bids more competitive, which at that time it did not. As a result it undertook a thorough review of North Sea operators, one of which was Trap Oil. The two companies were able to negotiate a mutually beneficial business combination that enabled Trap Oil to secure new senior management personnel to pursue a refined business strategy whilst JOG E&P obtained access to tax losses and an established platform from which to grow its enlarged quoted business. We were also pleased to complete a placing at the time of the business combination. We now have a company with sizable existing tax losses and an experienced management team, and can move forward with our strategy from this strengthened position.

Post the business combination we quickly integrated teams, reduced costs further and set our sights on pursuing our main objective of acquiring positive cashflow generating production assets. I purposefully use the term 'positive cashflow' because, as the oil price continued to slide, we have had to hunt harder to find such assets. They do exist and we have evaluated and submitted bids on assets in a number of fields in the North Sea with operating costs as low as US$10/barrel. Since August 2015, I am most proud of how the team has developed our approach to identifying, evaluating and bidding on assets, and would encourage shareholders to look at our latest corporate presentation to better understand our methodology. For a small team, we have covered large swathes of the North Sea and have current knowledge of almost every producing field. Bidding on a working interest in a field is a multi-faceted process; the combination of contributions from our technical and commercial teams, alongside input from our various advisers is a very thorough and detailed process that we have developed to the highest industry standards.

Since August 2015, we have been involved in nine sale processes involving more than 25 field interests. We remain actively engaged on a number of asset/corporate opportunities and subsequent to the year-end, we have continued to identify further potential deal flow. As the oil price has dipped and subsequently found a new base during 2016, we have stuck to our investment principles and continue to evaluate deals at the prevailing oil price futures-curve. Compared to most analyst price decks, we believe that this leaves considerable upside potential for our shareholders and we are inherently governed by doing the right deal, whilst being prepared to miss out on the wrong one. Whether proactively opening discussions with potential vendors or being invited into formal bid processes, we are continually sourcing opportunities to grow the Company.

We are one of a limited number of quoted entities that is currently actively bidding. Unencumbered and keenly valued, we hold a competitive advantage over many of our rivals. We have nudged up alongside some of the private equity competitors which, generally speaking, are chasing the larger deals, leaving us well placed to pick and choose the best opportunities to successfully build shareholder value – and our business model is truly scalable. Subsequent to the year end, we were pleased to note a favourable UK budget, in particular from JOG's perspective, with respect to clarity regarding decommissioning tax relief on retained liabilities, which will have a positive impact for late-life asset divestments.

We have also made great progress in developing strong relationships with potential funding partners. We are working closely with a major bank, which is keen to support us as a possible provider of Reserve Based Lending against production assets that we may acquire. We introduce this bank at an early stage when evaluating opportunities, so that we can obtain a good indication of the level of their potential funding support. We also have good relationships with major trading groups that have put forward a variety of possible financing options. Equity markets remain challenging, although in our view there is a general feeling that investment funds have been underweight in the sector for too long. Furthermore, it is worth noting that whilst the industry might well be reeling from a 70% drop in the global oil price, JOG represents a new investment opportunity starting at the bottom of the cycle rather than at the top.

The exploration assets within our portfolio have been managed closely. In January 2016 we were pleased to conclude a successful deal with Azinor Catalyst Limited on our Homer licence, leaving us with no cost exposure, but a potential future success fee payment. The Farm out process is underway for Licence P.2170 which contains the Verbier and Cortina prospects with oil in place estimates of 300MMbbls and 212MMbbls respectively. JOG is the licence operator with a 60% working interest.

I would like to take this opportunity to thank the JOG team for their considerable work effort and complete dedication in these early stages of the Company's growth, which extends to agreeing to work for salaries that fall very much towards the lower quartile for the industry. We are all in this together and simply want to be part of a great future success story.

I would also like to thank our shareholders for their continued patience and support. I am very pleased that we have loyal shareholders that see merit in our stated business strategy and the exciting value creation opportunity that JOG represents.

With some current stability around the US$40+ per barrel level and fundamentals pointing to an oil price recovery later this year, we remain excited about JOG's prospects for 2016 and look forward to updating shareholders on our progress in due course.

Andrew Benitz
Chief Executive Officer
22 April 2016

Business Review and Future Activities
The principal activity of the Company is oil and gas exploration, appraisal, development and production in the United Kingdom. The Company is a public limited company incorporated in England and Wales (company number 07503957) and is quoted in London on the AIM market of the London Stock Exchange plc (AIM) under the designation JOG. The Company is required by the Companies Act 2006 to set out in this report a review of the business of the Group during the year ended 31 December 2015 and the position of the Group at the end of the year and principal risks and uncertainties facing the Group. The information that fulfils these requirements, including discussion of the business and future developments, is set out in the Chief Executive Officer's Statement, the Chairman's Statement and the Strategic Report.

Risks
The Group operates in an environment that has substantial risks, albeit ones that it aims to mitigate and manage. These risks have to be carefully balanced to maximise the chances of providing good returns for our shareholders.

Financial Risks:

The key financial risks relate to:

- Availability of funding and access to capital and debt markets
- Cost inflation
- Oil and gas price movements
- Adverse taxation legislative changes
- Co-venturer and third-party counterparty credit risk
- Adverse foreign exchange movements

Managed:
Close relationships are maintained with banks and the investor community as the Group will require capital and debt funding to facilitate the acquisition of producing assets. The Group is in ongoing discussions with various debt lenders with a view to supporting the Group in the future once producing assets are acquired. We are also regularly in talks with various third parties and shareholders about further possible fund raisings in order to provide the necessary equity capital to move forward with any planned acquisitions.

The Group relies for funding on its own cash reserves, however our cash reserves are being depleted by the Group's overheads. Budgets and cash flow projections taking into account a range of cost inflation and joint venture investment scenarios are prepared and updated regularly, circulated to all Directors and reviewed at Board meetings. Subsequent to the year-end and as a result of further salary cuts taken by management and employees of the Company, the Company should now be able to operate within its existing cash reserves into 2017.

The Group currently has no exposure to oil price fluctuations since there is no longer any production accruing to the Company from our remaining asset portfolio.

The Group also continuously reviews its portfolio of assets and considers the farming-out and potential sale of assets as part of its financial planning process. During 2015, the Group significantly reduced its asset base and relinquished a number of licences. It is now looking at ways of farming-out its last remaining licence. The Group is exposed to changes in the UK tax regime and supports the work of industry bodies in influencing government policy to encourage investment in oil exploration and production, in addition to the management of tax planning and compliance. The Group has had exposure to US Dollar exchange rate risk through cash deposits as well as both oil and oil services often being sold in US Dollars or linked to the US Dollar. We have kept a close eye on matching our exposure to our liabilities as part of the on-going business risk appraisal process by the Board.

Operational Risks:

- Loss of key employees
- Delay and cost overrun on projects, including weather related delays
- HSE incidents
- Poor reservoir performance
- Exploration and appraisal well failures
- Failure of third-party services
- Lack or failure of operational production resources
- Inherent uncertainties as to the precise geology and location of hydrocarbons under the earth's surface

Managed:
The Group recognises that to achieve its long-term strategy it will need to continue to take an active approach through its Nomination and Remuneration Committees to identify, attract and retain the skills and expertise needed and to incentivise employees appropriately. The oil and gas sector is a particularly expensive sector in which to operate from a personnel perspective.

The Group typically holds shared equity and carried interests in its assets. As a result, it will have to rely on third-party contractors and service suppliers. Joint venture partner ability to fund their own share of developments and manage projects to effectively cover other operational risks is also monitored, together with relationships with government and regulators as part of the on-going Board review process.

Full operational risk cover and advice is provided through the Group's insurance brokers. The Group monitors and evaluates all aspects of Health and Safety Executive ("HSE") performance and has adopted continuous improvement business practices and processes, monitored and evaluated at every level of the organisation. The Group will continue to conduct its operations in a responsible manner that protects the health and safety of employees, contractors and the public and minimises the impact on the environment.

Strategic and External Risks:

- Deterioration of capital markets, inhibiting efficient equity and/or debt raising for projects
- Commercial misalignment with, or default of co-venturers
- Material fall in oil price
- Material changes in the abandonment costs of oil and gas fields

The risks set out above are not exhaustive and additional risks and uncertainties may arise or become material in the future. Any of these risks, as well as other risks and uncertainties discussed in this report, could have a material adverse effect on the business.

There is no absolute assurance that the Group's acquisition or divestiture activities will be successful. The Group seeks to manage these risks through portfolio management, balancing them across a range of field interests, which carry varying technical and commercial risks, and carefully managing the financial exposure to each licence in the portfolio through arrangements agreed with joint venture partners. At the current time, however, the Group has only one licence interest, which it considers has good prospects and for which it is intended that a farm out arrangement is agreed with a suitable third party, but intends to acquire more producing assets in the future to provide asset diversification. Given our limited licence base following relinquishments during the year and the difficulties of attracting interest in North Sea exploration, the Group had only a limited range of potential investors given the economic climate for the industry prior to refocusing its strategy on the acquisition of producing assets there remains significant investor interest.

The Group competes with other exploration and production companies, some of whom have much greater financial resources for the identification and acquisition of oil and gas licences and properties and also for the recruitment and retention of skilled personnel. The market price of hydrocarbon products can be volatile and is not within the control of the Group.

The successful progression of the Group's oil and gas assets depends not only on technical success, but also on the ability of the Group to obtain appropriate financing through equity financing, debt financing, farm-outs and other means. The availability of funding may continue to be influenced by macroeconomic events, such as oil price fluctuations or the overall state of the economy, both of which remain outside the control of the Group. There is no assurance that the Group will be successful in obtaining the required financing going forward. The Group's financial risk management policies are set out in note 4.

Cash Resources and Short-Term Investments

We ended 2015 in a much stronger position than we entered it. We have an enhanced and enthusiastic management team, a new strategy and a strengthened balance sheet. As at 31 December 2015, we had over £0.9m of cash in the bank. The Group has also carried out a number of significant cost reduction exercises, the latest in January 2016, which lead to us having annual running costs of approximately £0.9m.

Statement of Comprehensive Loss

2015 saw a significant reduction in our revenues to £4.1m from £13.4m in 2014. Our revenue was largely derived via production from the Athena oil field (Licence P.1293, Block 14/18b) for which the Group had exposure in the first half of 2015 until we agreed a deal with the Athena Consortium to ring-fence this liability. The Athena field, however, continued to lose money for us in 2015 with operating costs for the Athena field amounting to c.£8.6m net to the Group during 2015, in addition we impaired our assets in the year to the extent of around £3.9m following the settlement with the Athena Consortium and also relinquishments of exploration and production licences at the year end. However this was offset in part by the £6.4m onerous contract provision we had made in 2014 which was released through Cost of Sales in 2015, the Group made a Gross Loss of around £2.9m by the time certain other costs of the field had also been taken into account. Our agreement with the Athena Consortium and CGG led to an exceptional profit of £3.8m largely relating to our release from the field and the decommissioning liabilities which has been reflected in the exceptional costs but we also had a £569,884 impairment on the goodwill in the business combination.

Financing

In 2015, the Group raised approximately £820,000 before expenses through a share issue in order to partially recapitalise the business.

Administrative Expenses

2015 saw further reductions achieved in the Group's cost base. Even though there are now more employees and we have access to significant technical resource, we have achieved a reduced "G&A" cost base of around £0.9m per annum reflecting the significant sacrifices all employees and Directors have made in their determination to provide the Company with every opportunity to succeed.

Exceptional Items

As noted above, during the year there was an exceptional write-back/profit of c.£3.8m relating to our agreement with the Athena Consortium to ring-fence our loss making Athena producing asset and thus after releasing the onerous contract provision and writing off of field associated liabilities such as the decommissioning and site restoration costs.

Outlook

The Directors consider that the Group remains lightly capitalised, but have significantly reduced the Company's cost base and relinquished assets where it was perceived there was little likelihood of near term value creation. Our key remaining asset, being Cortina, has minimal obligations and is at an early stage of what we hope will be a successful farm out process.

The Group currently has sufficient financial resources to continue in operation through to the first quarter of 2017 and expects to undertake a variety of transformational deals during 2016 which it also believes will lead to an injection of new capital as producing assets are brought into the Group.

Marcus Stanton
Non-Executive Chairman
Marcus Stanton is a Chartered Accountant and previously held banking roles as Chief Operating Officer of Global Capital Markets at Robert Fleming & Co. and a Director of Hill Samuel & Co, Corporate Finance. He has been a Non-Executive Director of a number of AIM-quoted companies including Velosi Limited (international oil and gas services) and Cardinal Resources plc (oil and gas E&P). He also runs an international consultancy practice, specialising in the investigation of banking transactions, largely on behalf of UK and overseas governmental agencies. He is a Fellow of the Institute of Chartered Accountants in England and Wales and a Chartered Fellow of the Chartered Institute for Securities and Investment. He is chairman of the Jersey Oil and Gas plc Audit Committee and a member of its Remuneration and Nomination Committees.

Andrew Benitz (appointed 14 August 2015)
Chief Executive Officer
Andrew Benitz is a former CEO and Director of Longreach Oil and Gas Ltd. He joined Longreach in 2009 as Chief Operating Officer and previously worked at Deutsche Bank within the Oil and Gas Corporate Finance team and within the Equity Capital Markets team. He is also founder and Director of Titan Properties SL, a real estate business in Spain. Mr Benitz completed his undergraduate studies at Edinburgh University and the University of Alberta, graduating with a Bachelor of Commerce (Honours).

Ron Lansdell (appointed 14 August 2015)
Chief Operating Officer
Ron Lansdell was formerly Vice President of Exploration and a Director at Longreach Oil and Gas Ltd. Mr Lansdell has held a number of senior technical and commercial roles during a 15 year career at ENI S.p.a./Agip ("ENI/Agip"). These roles included being posted to Nigeria, Kazakhstan and the United Kingdom. Mr Lansdell began his career in 1972 in seismic data acquisition and processing, initially at Digicon Inc. and then CGG Services (UK) Limited in London, before joining Elf in Norway and then BHP Petroleum as Exploration Coordinator Western Australia. He spent nine years with Elf Aquitaine S.A. (in Norway, France and Syria) and then joined Qatar General Petroleum Corporation as Chief Geophysicist in Qatar before joining Eni/Agip. Mr Lansdell graduated in geology from the University of London.

Scott Richardson Brown
Chief Financial Officer
Scott Richardson Brown is a Fellow of the Institute of Chartered Accountants in England & Wales with wide experience working with AIM, FTSE 250 and FTSE 100 companies. Beginning his career at Coopers & Lybrand (later PricewaterhouseCoopers) in the Banking and Capital Markets division, he later became a Partner in the Corporate Broking/Finance division of Oriel Securities Limited covering a range of sectors including oil and gas. He left Oriel to become Corporate Finance and Investor Relations Director for CSR plc, a FTSE 250 semiconductor company, where, in addition to the day-to-day capital and corporate finance activities, he managed a number of corporate transactions. Immediately prior to joining Jersey Oil and Gas, Mr Richardson Brown was Executive Finance Director of Ascent Resources plc an AIM-quoted European oil and gas group where he led a number of fund raisings and transactions as he helped the attempt to turn the company around.

Elwyn Jones (resigned 1 October 2015)
Non-Executive Director
Elwyn Jones is the founder and Managing Director of GeoPartners Limited, a consultancy company specialising in seismic value creation. Previously held roles include Senior Vice-President of the CGG Services (UK) Limited Data Library from 1997 to 2009, Vice-President of PetroAlliance/Western Geophysical's Marine division from 1995 to 1997, President of DG Seis/Caspian Geophysical and Digicon Exploration Limited from 1993 to 1995 and 1989 to 1993, respectively. He was chairman of the Trap Oil Group plc Audit Committee and a member of its Remuneration Committee.

Frank Moxon (appointed 1 October 2015)
Non-Executive Director
Frank Moxon is Managing Director of Hoyt Moxon Ltd, a corporate finance consultancy. He has over 25 years' experience as a corporate financier to developing and growth companies in a wide range of industrial sectors, but has specialised for some 18 years in natural resources, and is or has been a director of a number of mining and oil & gas companies quoted in London, Australia and Canada. Amongst other things he is a former head of corporate finance at Williams de Broë Plc and, until its August 2012 sale to PTT for £1.2 billion, was senior independent non-executive Director at Cove Energy Plc. He has a BSc in Economics and is a Chartered Fellow of the Chartered Institute for Securities and Investment, a Fellow of the Energy Institute and a member of the Petroleum Exploration Society of Great Britain. He is chairman of the Jersey Oil and Gas plc Remuneration and Nomination Committees and a member of its Audit Committee.

The Company is quoted on AIM and is not required to comply with the requirements of The UK Corporate Governance Code ("the Code"). However, the Board is committed to the high standards of good corporate governance prescribed in the Code and seeks to apply its principles having regard to the current size and structure of the Group.

Board of Directors
The Board is responsible for guidance and direction, playing its role in reviewing strategy, monitoring performance, understanding risk and reviewing controls. It is collectively responsible for the success of the Group.

The Board is made up of three Executive and two Non-Executive Directors and has the appropriate balance of skills, experience independence and knowledge of the Company to enable them to discharge their respective duties effectively. The Board is of sufficient size that the requirements of the business can be met and that changes to its composition and that of its Committees can be managed without undue disruption. It includes an appropriate combination of Executive and Non-Executive Directors and in particular, independent Non-Executive Directors.

The Non-Executive Directors, one of whom is the Chairman, are independent of management and do not participate in the Group's bonus, pension or benefit schemes although some have share options and are shareholders.

The Company considers that it is important that where possible its Non-Executive Directors maintain a strong element of independence.

The Executive Directors are employed under service contracts.

Appropriate Directors and Officers liability insurance is maintained by the Group.

At each Annual General Meeting one third of the Directors are subject to retirement by rotation as are Directors who have been appointed during the year.

The Board has a formal schedule of matters specifically referred to it for decision making. In addition to these formal matters required by the Companies Act to be set before the Board of Directors, the Board also considers strategy and policy, acquisition and divestment proposals, approval of major capital investments, risk management policy, significant financing matters and statutory shareholder reporting. During the year, all Board meetings were convened with a formal agenda, relevant documentation and documented minutes and were attended by Board members in office at the time of the Board meetings. To enable the Board to discharge its duties, all Directors receive appropriate and timely information and the Chairman ensures that all Directors, including the Non-Executive Directors, may take independent professional advice at the Group's expense, if required.

Chairman and Chief Executive Officer
There is a clear division of responsibilities between the roles of the Chairman and Chief Executive Officer.

The Chairman's role is part-time and he is a non-executive director. His key responsibility is the leadership of the Board and this is effected through regular Board meetings, as well as contact with other Board members and interested parties in-between Board meetings.

The Chief Executive Officer is responsible for the day-to-day running of the group's operations, for applying group policies including HSE and for implementing the strategy agreed by the Board. He plays a pivotal role in developing and reviewing the strategy in consultation with the Board and in executing it with the support of the Executive Committee.

Independent Directors
In compliance with the Code the Board considers the Non-Executive Directors, Marcus Stanton and Frank Moxon, to be independent in character and judgement although they do have small nominal shareholdings and, in respect of Mr Stanton only, share options which were awarded at the time of the Company's IPO. The Board considers that these circumstances do not affect, or appear to affect, the Directors' judgement and as such they are considered independent for the purposes of corporate governance.

Audit Committee
The Audit Committee is chaired by Marcus Stanton and its other member is Frank Moxon (both Non-Executive Directors) who are deemed to have recent and relevant financial expertise. The meeting minutes are circulated to the Board at the next available Board Meeting, at which the Committee's chairman provides a verbal report of its proceedings.

Under its terms of reference it is required to meet twice a year, at which Executive Directors may attend by invitation, and is responsible for keeping under review the scope and results of the audit, its cost effectiveness and the independence and objectivity of the Auditors. It also has responsibility for public reporting and internal controls and arrangements whereby employees may raise matters of concern in confidence.

The Group has no internal audit function. Due to the current size of the business it is not considered necessary at this time.

The Group's Auditors may provide additional professional services and in line with its terms of reference, the Audit Committee continually assesses their objectivity and independence. The Auditors were initially appointed to report on the financial statements for 2011 and no tender or re-appointment process has since been carried out.

Remuneration Committee
The Remuneration Committee is chaired by Frank Moxon and its other member is Marcus Stanton (both Non-Executive Directors). The meeting minutes are circulated to the Board at the next available Board Meeting, at which the Committee's chairman provides a verbal report of its proceedings.

Under its terms of reference it is required to meet twice a year and is responsible for ensuring that the Executive Directors, Officers and other key employees are fairly rewarded (which extends to all aspects of remuneration) for their individual contribution to the overall performance of the Group but it was considered unnecessary to do so during 2015 as its functions were properly carried out as part of the procedures of the board.

No Director is involved in deciding their own remuneration.

Nomination Committee
The Nomination Committee is chaired by Frank Moxon and its other member is Marcus Stanton (both Non-Executive Directors).

Under its terms of reference it is required to meet twice a year and is responsible for identifying and nominating candidates to fill Board vacancies, but it was considered unnecessary to do so during 2015 as its functions were properly carried out as part of the procedures of the Board.

Board Effectiveness
The Group does not currently undertake a formal annual evaluation of the performance of the Board, the Committees and individual Directors, but will consider doing so at the appropriate stage of its development in accordance with The Code.

Board and Committee Attendance in 2015

	Board		Audit Committee		Remuneration Committee		Nomination Committee	
	Required	Attended	Required	Attended	Required	Attended	Required	Attended
Non-Executive Directors								
M J Stanton	9	9	2	2	-	-	-	-
T E Jones (resigned 1 October 2015)	8	8	2	2	-	-	-	-
F H Moxon (appointed 1 October 2015)	1	1	-	-	-	-	-	-
Executive Directors								
J A Benitz (appointed 14 August 2015)	3	3	-	-	-	-	-	-
R J Lansdell (appointed 14 August 2015)	3	3	-	-	-	-	-	-
S J Richardson Brown	9	9	-	-	-	-	-	-

Internal Control
The Board is responsible for the Group's system of internal control (in accordance with Financial Reporting Council guidance) and for regular reviews of its effectiveness. It is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable not absolute assurance against material misstatement or loss. It is summarised and incorporated into the Group's Financial Reporting Procedures.

The Board adopts an on-going active process for identifying, evaluating and managing the significant risks faced by the Group, which was in place for the year under review and up to the date of approval of this report.

Relations with Shareholders
The Board considers that good communication, based on the mutual understanding of objectives with shareholders, is important and achieves this through its Annual Report, Interim Report and comprehensive website (www.jerseyoilandgas.com). There has also been a regular dialogue between the Chairman, CEO and institutional investors and other financial institutions in addition to the required public announcements. A constant and up to date information flow is maintained on the website containing all press announcements and financial reports as well as extensive operational information on the Group's activities.

The Board encourages shareholders to attend the Annual General Meeting, at which members of the Board are available to answer questions and present a summary of the year's activity and the corporate outlook.

General
The Group recognises and accepts its duties to ensure the health, safety and welfare at work of all its employees and ensures that every effort is made to safeguard its visitors, contractors, customers and members of the public, who may be affected by its activities.

The Group observes all relevant statutes, regulations and codes of practice and takes appropriate action for:

- The provision and maintenance of plant and equipment such that it is safe and without risk to health
- Arrangements to ensure the safety and absence of risks to health in relation to the use, handling, storage and transportation of articles and substances
- The provision of sufficient information, instruction, training and supervision, to ensure the health and safety of its employees at work
- The maintenance of a safe place of work and provision and maintenance of a safe means of access to it and egress from it
- Provision and maintenance of adequate welfare facilities

The Group makes available adequate resources to promote and maintain best practice in Health and Safety Management and endeavours to prevent any incident that may result in injury, ill health or damage to property.

Health & Safety
Management firmly believes that Health and Safety ("HSE") is an aspect of management equal in importance to any other management function and expects all Directors, Officers, Managers, Supervisors, Employees and contractors to consider Health and Safety as part of their normal duties and responsibilities, in order to prevent injury and ill health.

Management commitment to high HSE standards is set out in the HSE Policy. The Policy is:

- Signed and dated by the CEO;
- Communicated to staff, contractors, partners and stakeholders; and
- Reviewed periodically and where appropriate updated and re-issued.

Broad HSE goals are established by senior management for each Joint Venture project. These goals are set in the context of:

- Compliance with existing legislation;
- Meeting the commitments made in the HSE Policy; and
- Managing the risks associated with planned activities.

Management at all levels provides visible and active leadership within the organisation promoting positive HSE culture and a common understanding of JOG's expectations. Active and visible leadership includes:

- Promotion of the Company's HSE Policy and project goals;
- Monitoring HSE at senior management meetings;
- Discussion of HSE performance by senior managers at Operating Committee (OPCOM) Meetings;
- Senior management participation in HSE inspections and audits;
- Encouraging staff and contractors to identify possible hazards, raise HSE concerns and suggest improvements; and
- Annual reviews by management of HSE performance.

Reporting relationships and responsibilities within the organisation are defined. Personnel are briefed on the HSE risks associated with their work and of their specific HSE roles and responsibilities.

J A Church FCA
Company Secretary
22 April 2016

The Directors present their report together with the Group and Company financial statements for the year ended 31 December 2015.

So far as the Directors are aware, there is no relevant audit information of which the Company's Auditors are unaware; and

The Directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

Results and Dividends
The Group's loss for the year was £1.4m (2014: loss of £44.4m). The Directors do not recommend the payment of a dividend (2014: Nil).

Directors' interests
The beneficial and other interests of the Directors holding office during the year and their families in the shares of the Company at 31 December 2015 were:

Directors' interests

	As at 31 December 2015 1p Ordinary Shares		As at 31 December 2014 1p Ordinary Shares	
	Shares	**Options**	Shares	Options
Non-Executive Directors				
M J Stanton	1,465	1,570	146,512	156,977
T E Jones (resigned 1 October 2015)	-	-	2,804,902	139,535
M S Newman (resigned 29 May 2014)	-	-	11,601,702	-
F Moxon (appointed 1 October 2015)	80,930	-	-	-
Executive Directors				
S J Richardson Brown (Chief Financial Officer)	7,300	10,000	730,000	1,500,000
J A Benitz (appointed 14 August 2015)	604,415	-	-	-
R J Lansdell (appointed 14 August 2015)	786,108	-	-	-

Directors' Third Party Indemnity Provisions
The Company maintained during the period and to the date of approval of the financial statements indemnity insurance for its Directors and Officers against liability in respect of proceedings brought by third parties, subject to the terms and conditions of the Companies Act 2006.

Share Capital
At 31 December 2015, 8,391,477 (2014: 227,169,331) ordinary shares of 1p each were issued and fully paid. Each ordinary share carries one vote. Details of ordinary shares issued during the financial year can be found in note 18 of the financial statements.

Substantial Shareholders
At 31 December 2015, notification had been received by the Company of the following who had a disclosable interest in 3% or more of the nominal value of the ordinary share capital of the Company:

The Union Discount Company Of London Ltd	23.50%
Mr R Lansdell	9.37%
Mr J A Benitz	7.20%
Winterflood Securities	6.61%
Mr W Richards	5.96%
TD Direct Investing	4.18%
The Gasgoine Trust	3.56%

Save for Messrs Lansdell and Benitz, this does not include the shareholdings of the Directors which are disclosed separately. The Company has not been notified of any other person who has an interest in 3% or more of the nominal value of the ordinary share capital the Company.

Employees
The business depends upon maintaining a highly qualified and well motivated workforce and every effort is made to achieve a common awareness of the financial and economic factors affecting performance. The Group is committed to being an equal opportunity employer and engages employees with a broad range of skills and backgrounds.

Nominated Adviser and Stockbrokers
The Company's Nominated Adviser is Strand Hanson Limited and its stockbroker is FirstEnergy Capital LLP.

Financial Instruments
The Group's principal financial instruments comprise cash balances, available for sale investments, short-term deposits and receivables or payables that arise through the normal course of business. The Group does not have any derivative financial instruments. The financial risk management of the Group is discussed in note 4.

Going Concern
It is very much the stated strategy of the Group to acquire producing North Sea Oil and Gas assets and it is expected that such acquisitions will bring in income and be tied into potential future equity or debt fund raisings to cover acquisition prices and any working capital needs. The Directors are constantly in discussions with a number of parties and shareholders about the Group's capital requirements.

However, following the Board's review of the Group's financial position and cash flow projections, and the loss recognised in the year, the Directors recognise that the Group is unlikely to have adequate financial resources to continue its operational activities and meet its liabilities as and when they fall due for a period of at least 12 months from the date of authorisation of these financial statements. It is currently expected that the Group's existing cash resources will be sufficient at the current run rate to enable the Group to continue in it's current form until the first Quarter of 2017.

Board Committees
Information on the Audit Committee, Remuneration Committee and Nomination Committee is included in the Corporate Governance section of the Annual Report.

On behalf of the Board

S J Richardson Brown
Chief Financial Officer
22 April 2016

Directors' Emoluments

The purpose of the Remuneration Committee of the Board of Directors is to ensure that the Executive Directors, Officers and employees are fairly rewarded for their individual contribution to the overall performance of the Group and to demonstrate to shareholders that the remuneration of the Executive Directors is set by a committee of the Board whose members have no personal interest in the outcome of those decisions and who will have due regard to the interests of shareholders of the Company.

To achieve these objectives, the Remuneration Committee links the nature and amount of Executive Directors' emoluments to the Group's financial and operational performance having regard to:

- Providing appropriate incentives to encourage enhanced performance
- Providing remuneration packages needed to attract, retain and motivate Executives of the quality required
- Determining targets for performance-related pay and whether the Executives should be eligible for annual bonuses
- Considering the Group's relative position for remuneration in relation to other companies
- Aligning the Executives interests with those of shareholders
- Maintaining relevance of the remuneration policy taking into account share incentive plans, performance targets and long term incentive schemes
- The terms of their respective employment contracts

Executive Directors' remuneration is dependent upon the performance of the Group and individuals, and both are measured against agreed corporate objectives, which are set for each financial year.

Executive Directors' emoluments consist of salary, bonus, pension and discretionary share options whilst Non-Executive Directors emoluments consist of salary and discretionary share options the details of which, for the year to 31 December 2015, are set out below:

Name	Salary/Fees £	Redundancy / Contract Variation	Pension £	Benefits £	Bonus £	Total 2015 £	Total 2014 £
Non-Executive Directors							
M J Stanton	46,667	-	-	-	-	**46,667**	44,607
T E Jones (resigned 1 October 2015)	27,810	-	-	-	-	**27,810**	37,080
F Moxon (appointed 1 October 2015)	5,000	-	-	-	-	**5,000**	-
Executive Directors		-					
S J Richardson Brown (Chief Financial Officer)	65,267	73,333	18,333	-	-	**156,933**	355,478
J A Benitz (appointed 14 August 2015)	28,125	-	-	-	-	**28,125**	-
R Lansdell (appointed 14 August 2015)	28,125	-	-	-	-	**28,125**	-
	200,994	**73,333**	**18,333**	**-**	**-**	**292,660**	437,165

During the year, the Group made payments totalling £135,000 to a past director as part of the redundancy process. This amount was fully provided for in the prior year accounts.

In August 2015, Andrew Benitz and Ron Lansdell joined the Board as CEO and COO respectively each on a salary of £75,000 per annum which is to be increased to £150,000 per annum upon the Company subsequently acquiring its first production asset.

On 1 October 2015 Frank Moxon replaced Elwyn Jones on the Remuneration Committee and was appointed its chairman.

On 28 January 2016, subsequent to the year-end, the Remuneration Committee met to discuss and finalise, amongst other things, the prior agreement to bringing the employment terms of Mr Benitz and Mr Lansdell into line with current Group practice and, with effect from 1 September 2015, a reduction of Marcus Stanton's salary from £50,000 per annum to £40,000 per annum and a reduction in Scott Richardson Brown's salary from £100,000 per annum to £75,000 per annum (to be increased to £150,000 per annum upon the Company subsequently acquiring its first production asset). These decisions were subsequently approved by the Board and enacted.

In February 2016, it was agreed with various Directors and Staff that they would take further salary reductions amounting, in most cases, to reductions of approximately 50% of their then existing salary levels, in order to provide the Company with as much working capital as possible. It is expected that these latest salary reductions be reversed after the Company has made its first producing acquisition, although the Company must be in a suitably strong financial position to do so. Any further compensation for the Directors taking these lower salary levels will be at the discretion of the Remuneration Committee. These agreements are currently being put in place.

As is to be expected, the Remuneration Committee has not approved the payment of any bonuses in 2015 or other incentives/performance based payments. Any share options coming up in the year also did not vest. The Remuneration Committee does, however, intend to ensure that an appropriate incentive scheme is in place and therefore expects to have a new scheme in place during 2016.

Share Options Incentivisation

	Held At 1 Jan 2015	Conversion	Lapsed/ Non vesting	Held At 31 Dec 2015	Exercise Price p	Issue Date	Expiry Date	Type
M J Stanton	156,977	(155,407)	-	1,570	4,300	13/03/11	12/03/21	***3***
	156,977	(155,407)	-	1,570				
T E Jones	139,535	(138,140)	(1,395)	-	4,300	13/03/11	12/03/21	***3***
(resigned 1 October 2015)	139,535	(138,140)	(1,395)	-				
M J David	532,946	(527,617)	-	5,329	4,300	13/03/11	12/03/21	***2***
(resigned 1	459,000	(454,410)	(2,610)	1,980	2,712	01/12/11	01/12/21	***2***
October 2015)	750,000	(742,500)	(2,500)	5,000	1,500	31/05/13	31/05/23	***5***
	1,741,946	(1,724,527)	(5,110)	12,309				
S J Richardson Brown	1,500,000	(1,485,000)	(5,000)	10,000	1,500	31/05/13	31/05/23	***5***
	1,500,000	(1,485,000)	(5,000)	10,000				
F Moxon (appointed 1 October 2015)	-	-	-	-				
J A Benitz (appointed 14 August 2015)	-	-	-	-				
R Lansdell (appointed 14 August 2015)	-	-	-	-				
Total	3,538,458	(3,503,074)	(11,505)	23,879				

2 Unapproved Share Option Plan 2011
Vest in equal portions over a three year period from the date of grant, and are subject to the completion of certain specified performance conditions.

3 Individual Option Agreements
Subject to the Model Code for Securities Transactions by Directors of Listed Companies, the AIM Rules or the Criminal Justice Act 1993, the options (to the extent that they have not lapsed) may be exercised at any time after the date of grant.

5 Unapproved Share Option Plan 2011
Vest in equal portions over a three year period from the date of grant and are not subject to the completion of performance conditions.

F Moxon
Chairman of the Remuneration Committee
22 April 2016

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the group and parent 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 the Company and of the profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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 a company's performance, business model and strategy.

Each of the Directors, whose names and functions are listed in Corporate Governance Report confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and loss of the Group; and

- the Directors' Report contained includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties that it faces.

Disclosure of Information to the Auditors
Each of the persons who is a Director at the date of approval of this report confirms that:

(1) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
(2) each Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent Auditors
A resolution to reappoint PricewaterhouseCoopers LLP as Auditors will be proposed at the forthcoming Annual General Meeting at a fee to be agreed in due course by the Audit Committee and the Directors.

Annual General Meeting
The Annual General Meeting will be held on 26 May 2016 as stated in the Notice of Meeting.

S J Richardson Brown
Chief Financial Officer
22 April 2016

Independent Auditors' report to the members of Jersey Oil and Gas plc (formerly Trap Oil Group plc).

Our opinion
In our opinion, Jersey Oil and Gas Plc's group financial statements (the "financial statements"):

- give a true and fair view of the state of the group's affairs as at 31 December 2015 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Going concern
In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 2 to the financial statements concerning the group's and company's ability to continue as a going concern. The group and company have insufficient financial resources to continue in operation other than in the short term in the absence of additional funding and/or revenue streams from producing assets. The directors are therefore continuing to assess a number of potential funding sources and potential acquisition of producing UK North Sea assets. However, there is uncertainty both as to the ability of the group and company to secure such further funding and/or to acquire producing assets. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and company were unable to continue as a going concern.

What we have audited
The financial statements, included within the Annual Report, comprise:

- the Consolidated Statement of Financial Position as at 31 December 2015;
- the Consolidated Statement of Comprehensive Income for the year then ended;
- the Consolidated Statement of Cash Flows for the year then ended;
- the Consolidated Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion, the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report on by exception

Adequacy of information and explanations received
Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

Directors' remuneration
Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors
As explained more fully in the Statement of Directors' Responsibilities set out on page 15, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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

Other Matters
We have reported separately on the company financial statements of Jersey Oil and Gas Plc for the year ended 31 December 2015. That report includes an emphasis of matter.

Richard Spilsbury (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
24 April 2016

JERSEY OIL AND GAS PLC
(FORMERLY TRAP OIL GROUP PLC)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	**2015** £	2014 £
Revenue	3	**4,065,794**	13,416,062
Cost of sales		**(7,006,952)**	(31,560,021)
GROSS LOSS		**(2,941,158)**	(18,143,959)
Other operating expense		**-**	(1,173,133)
Exceptional items	6	**3,257,725**	(21,784,400)
Administrative expenses		**(1,595,283)**	(3,082,943)
OPERATING LOSS		**(1,278,716)**	(44,184,435)
Finance costs	7	**(164,399)**	(240,567)
Finance income	7	**13,037**	19,029
LOSS BEFORE TAX	8	**(1,430,078)**	(44,405,973)
Tax	9	**-**	-
LOSS FOR THE YEAR		**(1,430,078)**	(44,405,973)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(1,430,078)**	(44,405,973)
Total comprehensive loss for the year attributable to:			
Owners of the parent		**(1,430,078)**	(44,405,973)
Loss per share expressed in pence per share:			
Basic and diluted	10	**(29.21)**	(19.55)

The notes on pages 22 to 35 are an integral part of these financial statements

JERSEY OIL AND GAS PLC
(FORMERLY TRAP OIL GROUP PLC)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	**2015** £	2014 £
NON-CURRENT ASSETS			
Intangible assets - Exploration costs	11	**138,323**	1,370,799
Intangible assets - Data licence costs	11	**-**	833,332
Property, plant and equipment	12	**5,055**	125,223
		143,378	2,329,354
CURRENT ASSETS			
Inventories	15	**-**	858,060
Trade and other receivables	16	**227,718**	10,026,706
Cash and cash equivalents (including restricted cash)	17	**862,910**	7,424,282
		1,090,628	18,309,048
TOTAL ASSETS		**1,234,006**	20,638,402
EQUITY			
Called up share capital	18	**2,331,767**	2,271,693
Share premium account		**69,569,978**	68,321,083
Share options reserve	22	**1,381,133**	1,786,425
Accumulated losses		**(71,970,520)**	(70,945,734)
Reorganisation reserve		**(382,543)**	(382,543)
TOTAL EQUITY		**929,815**	1,050,924
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	19	**-**	1,218,845
Provisions for liabilities and charges	20	**-**	14,206,831
		-	15,425,676
CURRENT LIABILITIES			
Trade and other payables	19	**304,191**	4,161,802
		304,191	4,161,802
TOTAL LIABILITIES		**304,191**	19,587,478
TOTAL EQUITY AND LIABILITIES		**1,234,006**	20,638,402

The financial statements on pages 18 to 35 were approved by the Board of Directors and authorised for issue on 22 April 2016. They were signed on its behalf by Scott Richardson Brown – Chief Financial Officer.

Company Registration Number: 07503957

The notes on pages 22 to 35 are an integral part of these financial statements

JERSEY OIL AND GAS PLC
(FORMERLY TRAP OIL GROUP PLC)
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Called up share capital £	Share premium account £	Share options reserve £	Accumulated losses £	Reorganisation reserve £	Available for sale investment reserve £	Total equity £
At 1 January 2014	2,271,693	68,321,083	2,575,472	(27,107,644)	(382,543)	(279,597)	45,398,464
Loss and total comprehensive loss for the year	-	-	-	(44,405,973)	-	-	(44,405,973)
Transfer on sale of assets held for investment	-	-	-	(279,597)	-	279,597	-
Lapsed share options	-	-	(847,480)	847,480	-	-	-
Transactions with owners – share based payments	-	-	58,433	-	-	-	58,433
At 31 December 2014	2,271,693	68,321,083	1,786,425	(70,945,734)	(382,543)	-	1,050,924
Total comprehensive loss for the year	-	-	-	(1,430,078)	-	-	(1,430,078)
Issue of share capital	60,074	1,248,895	-	-	-	-	1,308,969
Lapsed share options (note 22)	-	-	(405,292)	405,292	-	-	-
At 31 December 2015	**2,331,767**	**69,569,978**	**1,381,133**	**(71,970,520)**	**(382,543)**	**-**	**929,815**

The following describes the nature and purpose of each reserve within owners' equity:

Reserve	**Description and purpose**
Called up share capital	Represents the nominal value of shares issued
Share premium account	Amount subscribed for share capital in excess of nominal value
Share options reserve	Represents the accumulated balance of share based payment charges recognised in respect of share options granted by the Company less transfers to retained deficit in respect of options exercised or cancelled/lapsed
Accumulated losses	Cumulative net gains and losses recognised in the Consolidated Statement of Comprehensive Loss
Reorganisation reserve	Amounts resulting from the restructuring of the Group
Available for sale investment reserve	Cumulative net gains and losses recognised as Other Comprehensive Income on available for sale investment

JERSEY OIL AND GAS PLC
(FORMERLY TRAP OIL GROUP PLC)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	**2015**	2014
		£	£
Cash flows from operating activities			
Cash used in operations	26	**(4,163,979)**	(972,043)
Prefunding for Athena's abandonment costs		**-**	(3,710,000)
Deposit for Niobe exploration well		**-**	(2,846,494)
Net interest received		**9,358**	29,896
Net cash used in operating activities		**(4,154,621)**	(7,498,641)
Cash flows from investing activities			
Purchase of intangible assets	11	**(2,722,853)**	(1,648,607)
Purchase of property, plant and equipment	12	**(147,868)**	(3,590,239)
Sale of IGas Energy plc shares		**-**	4,195,588
Net cash used in investing activities		**(2,870,721)**	(1,043,258)
Cash flows from financing activities			
CGG Services (UK) Limited repaid	20	**-**	(472,727)
Proceeds from share issue	18	**813,970**	-
Net cash used in financing activities		**813,970**	(472,727)
Decrease in cash and cash equivalents	26	**(6,211,372)**	(9,014,626)
Cash and cash equivalents at beginning of year	26	**7,074,282**	16,088,908
Cash and cash equivalents at end of year	26	**862,910**	7,074,282

The notes on pages 22 to 35 are an integral part of these financial statements

1. GENERAL INFORMATION

Jersey Oil and Gas plc (formerly Trap Oil Group plc) ("the Company") and its subsidiaries (together, "the Group") are involved in the exploration, development and production of oil and gas reserves from the UK Continental Shelf.

The Company is a public limited company, which is quoted on AIM, a market operated by the London Stock Exchange plc and incorporated and domiciled in the United Kingdom. The address of its registered office is 10 The Triangle, ng2 Business Park, Nottingham, NG2 1AE.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of Accounting
These financial statements have been prepared under the historic cost convention, in accordance with International Financial Reporting Standards and IFRS IC interpretations as adopted by the European Union ("IFRSs") and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Going Concern
It is very much the stated strategy of the Group to acquire producing North Sea Oil and Gas assets and it is expected that such acquisitions will bring in income and be tied into potential future equity or debt fund raisings to cover acquisition prices and any working capital needs. The Directors are constantly in discussions with a number of parties and shareholders about the Group's capital requirements.

However, following the Board's review of the Group's financial position and cash flow projections, and the loss recognised in the year, the Directors recognise that the Group is unlikely to have adequate financial resources to continue its operational activities and meet its liabilities as and when they fall due for a period of at least 12 months from the date of authorisation of these financial statements. It is currently expected that the Group's existing cash resources will be sufficient at the current run rate to enable the Group to continue in its current form until the first Quarter of 2017. In the event that further funding is not secured by February 2017, the Board believes that it is highly likely that the Company will become insolvent, and appropriate insolvency proceedings, such as administration or liquidation, would consequently need to be commenced.

Changes in Accounting Policy and Disclosures
(a) New and amended standards adopted by the Company

There are no new standards that came into effect during 2015: IAS 19 'Employee benefits' was amended with effect from 1 January 2015. The amendment does not have a material impact on the Group's financial statements.

(b) New standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2018, but the Group has not early adopted them:

- IFRS 15 'Revenue from contracts with customers' is effective for accounting periods beginning on or after 1 January 2018. The Group is in the process of assessing the likely impact of this standard on the financial statements.
- IFRS 9 'Financial 'instruments' is effective for accounting periods on or after 1 January 2018. The Group does not expect the adoption of this standard to have a material impact on the financial statements.
- IFRS 16 'Leases' is effective for accounting periods beginning on or after 1 January 2019. The Group is in the process of assessing the likely impact of this standard on the financial statements.

Amendments have also been made to the following standards effective 1 January 2016. The Group does not expect the amendments to have a material impact on the Group's financial statements.

- IFRS 11 'Joint arrangements'
- IAS 16 'Property, plant and equipment'
- IAS 38 'Intangible assets'
- IAS 27 'Separate financial statements'
- IFRS 10 'Consolidated financial statements'
- IAS 1 'Presentation of financial statements'

All other amendments not yet effective and not included above are not material or applicable to the Group.

Significant Accounting Judgements and Estimates
The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities at the date of the financial statements. If in future such estimates and assumptions, which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change. The Group's accounting policies make use of accounting estimates and judgements in the following areas:

- amortisation (note 11),
- impairment (note 11),
- depreciation (note 12),
- the estimation of share based payment costs (note 22).

These are described in more detail in the relevant accounting policies within note 2.

2. SIGNIFICANT ACCOUNTING POLICIES – continued

Basis of Consolidation

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50 per cent. of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies.

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

The Group applies the acquisition method of accounting 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 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 value 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 the acquiree's identifiable net assets.

Acquisition related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

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.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20 per cent. and 50 per cent. 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 amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profits or losses is recognised in the Consolidated Statement of Comprehensive Loss, 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.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the Consolidated Statement of Comprehensive Loss.

2. SIGNIFICANT ACCOUNTING POLICIES – continued

Acquisitions, Asset Purchases and Disposals
Acquisitions of oil and gas properties are accounted for under the purchase method where the business meets the definition of a business combination.

Transactions involving the purchase of an individual field interest, farm-ins, farm-outs, or acquisitions of exploration and evaluation licences for which a development decision has not yet been made that do not qualify as a business combination, are treated as asset purchases. Accordingly, no goodwill or deferred tax arises. Consideration from farm-ins/farm-outs are adequately credited from, or debited to, the asset. The purchase consideration is allocated to the assets and liabilities purchased on an appropriate basis. Proceeds on disposal are applied to the carrying amount of the specific intangible asset or development and production assets disposed of and any surplus is recorded as a gain on disposal in the Consolidated Statement of Comprehensive Loss.

Revenue Recognition
Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. It is measured at the fair value of consideration received or receivable for sale of goods.

Revenue derived from the production of hydrocarbons in which the Group has an interest with joint venture partners is recognised on the basis of the Group's working interest in those properties. It is recognised when the significant risks and rewards of ownership have been passed to the buyer.

Revenue from strategic partners on the identification of opportunities for application for a licence to explore further and is recognised in the period in which the services are provided or the date a trigger event occurs if this is later.

The Group also receives revenue from the production of hydrocarbons from licences held by the Group that is recognised at the end of each month based upon the quantity and price of oil and gas delivered to the customer.

Exploration and Evaluation Costs
The Group accounts for oil and gas and exploration and evaluation costs using IFRS 6 "Exploration for and Evaluation of Mineral Resources". Such costs are initially capitalised as Intangible Assets and include payments to acquire the legal right to explore, together with the directly related costs of technical services and studies, seismic acquisition, exploratory drilling and testing.

Exploration costs are not amortised prior to the conclusion of appraisal activities.

Exploration costs included in Intangible Assets relating to exploration licences and prospects are carried forward until the existence (or otherwise) of commercial reserves have been determined subject to certain limitations including review for indications of impairment on an individual license basis. If commercial reserves are discovered, the carrying value, after any impairment loss of the relevant assets, is then reclassified as Property, plant and equipment under Production interests and fields under development. If, however, commercial reserves are not found, the capitalised costs are charged to the Consolidated Statement of Comprehensive Loss. If there are indications of impairment prior to the conclusion of exploration activities, an impairment test is carried out.

Data Licence
Acquired data licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific licence. These costs are amortised over the life of the licence of eight years.

Property, Plant and Equipment

Production Interests and Fields Under Development
Such assets are accumulated generally on a field by field basis and represent the cost of developing the commercial reserves discovered and bringing them into production, together with the exploration costs incurred in finding commercial reserves transferred from Intangible Assets.

The costs also include the acquisition and purchase of such assets, directly attributable overheads and the cost of recognising provisions for future restoration and decommissioning.

Amortisation, Depletion and Impairment of Oil and Gas Assets
All expenditure carried within each field is amortised from the commencement of production on a unit of production basis, which is the ratio of oil and gas production in the period to the estimated quantities of proven and probable reserves at the end of the period plus the production in the period, on a field by field basis. Costs used in the unit of production calculation comprise the net book value of capitalised costs plus the estimated future field development costs to access the related commercial reserves. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively.

Where there has been a change in economic conditions that indicate a possible impairment in an oil and gas asset, the recoverability of the net book value relating to that field is assessed by comparison with the estimated discounted future cash flows based on management's expectations of future oil and gas prices and future costs. Any impairment identified is charged to the Consolidated Statement of Comprehensive Loss as an exceptional item. Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the Consolidated Statement of Comprehensive Loss, net of any depreciation that would have been charged since the impairment.

Property, plant and equipment is stated at historic purchase cost less accumulated depreciation. Asset lives and residual amounts are reassessed each year. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation on these assets is calculated on a straight line basis as follows:

Computer & office equipment	3 years

2. SIGNIFICANT ACCOUNTING POLICIES – continued

Decommissioning and Site Restoration
Provision for decommissioning and site restoration is recognised in full when the related facilities are installed and the field commences production. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related Production Interest. The amount recognised is the estimated cost of decommissioning and site restoration, discounted to its net present value and is reassessed each year in accordance with existing conditions and requirements. Changes in the estimated timing of cost estimates are dealt with as an adjustment to the provision and a corresponding adjustment to the Production interest. The unwinding of the discount on the decommissioning provision is included as a finance cost.

Inventories
Inventory of materials and product inventory supplies are stated at the lower of cost and net realisable value. Cost is determined on the first in, first out method. Inventories of hydrocarbons are stated at the lower of cost and net realisable value.

Joint Ventures
The Group participates in several joint venture agreements with strategic partners, where revenue is derived from annual retainers and success fees in a combination of cash and carried interests. The Group accounts for its share of assets, liabilities, income and expenditure of these joint venture agreements and discloses the details in the appropriate Statement of Financial Position and Statement of Comprehensive Loss headings in the proportion that relates to the Group per the joint venture agreement.

Investments
Fixed asset investments in subsidiaries are stated at cost less accumulated impairment in the Company only Statement of Financial Position and reviewed for impairment if there are any indications that the carrying value may not be recoverable.

Financial Instruments
Financial assets and financial liabilities are recognised in the Group's Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument. The Group does not have any derivative financial instruments.

Cash and cash equivalents include cash in hand and deposits held on call with banks with a maturing of three months or less.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss will be recognised in the Consolidated Statement of Comprehensive Loss within selling and marketing costs. When a trade receivable is uncollectible, it will be written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against selling and marketing costs in the Consolidated Statement of Comprehensive Loss.

Trade payables are stated initially at fair value and subsequently measured at amortised cost.

Loan notes are stated initially at fair value and subsequently measured at amortised cost of the investment as agreed in the loan instrument.

Exceptional Items
Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

Deferred Tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred taxation liabilities are provided, using the liability method, on all taxable temporary differences at the reporting date. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date.

Foreign Currencies
Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the reporting date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Gains and losses arising on retranslation are recognised in the Consolidated Statement of Comprehensive Loss for the year.

Employee Benefit Costs
The Group operates a defined contribution pension scheme. Matching contributions are made by the employer and employees up to 10% each of salary and also as part of and in addition to a personal salary sacrifice scheme. Contributions payable are charged to the Statement of Comprehensive Loss in the period to which they relate. No further obligations remain once contributions have been paid.

2. SIGNIFICANT ACCOUNTING POLICIES – continued

Share Based Payments
Equity settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity settled employee benefits reserve.

Equity settled share based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Exercise proceeds net of directly attributable costs are credited to share capital and share premium.

Share Capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity attributable to the Company's equity holders.

Segmental Reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors.

3. SEGMENTAL REPORTING

The Directors consider that the Group operates in a single segment, that of oil and gas exploration, appraisal, development and production, in a single geographical location, the North Sea of the United Kingdom and do not consider it appropriate to disaggregate data further from that disclosed.

Revenue from one major customer exceeded 10%, and amounted to £4.1m. In 2014 revenue from one major customer exceeded 10%, and amounted to £13.4m.

4. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to financial risks and its overall risk management programme focuses on minimising potential adverse effects on the financial performance of the Group. The Company's activities are also exposed to risks through its investments in subsidiaries and is accordingly exposed to similar financial and capital risks as the Group.

Risk management is carried out by the Directors and they identify, evaluate and address financial risks in close co-operation with the Group's management. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as mitigating foreign exchange risks and investing excess liquidity.

Credit Risk
The Group's credit risk primarily relates to its trade receivables. Responsibility for managing credit risks lies with the Group's management.

A customer evaluation is typically obtained from an appropriate credit rating agency. Where required, appropriate trade finance instruments such as letters of credit, bonds, guarantees and credit insurance will be used to manage credit risk.

The Group's major customers are typically blue chip companies which have strong credit ratings assigned by international credit rating agencies. Where a customer does not have sufficiently strong credit ratings, alternative forms of security such as the trade finance instruments referred to above may be obtained.

Management review trade receivables across the Group based on receivable days calculations to assess performance. There is significant management focus on receivables that are overdue. Trade receivable days for the Group for the year ended 31 December 2015 were nil days (2014: 42 days), based on the ratio of Group trade receivables at the end of the year to the amount invoiced during the year to trade receivables.

The Group also has a number of joint venture arrangements where partners have made commitments to fund certain expenditure. Management evaluate the credit risk associated with each contract at the time of signing and continually monitor the credit worthiness of our partners.

4. FINANCIAL RISK MANAGEMENT – continued

Liquidity Risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group manages its liquidity through continuous monitoring of cash flows from operating activities, review of actual capital expenditure programmes, and managing maturity profiles of financial assets and financial liabilities.

Capital Risk Management
The Group seeks to maintain an optimal capital structure. The Group considers its capital to comprise both equity and net debt.

The Group monitors its capital structure on the basis of its net debt to equity ratio. Net debt to equity ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowing less cash and cash equivalents. Total equity comprises all components of equity.

The ratio of net debt to equity as at 31 December 2015 is Nil (2014: Nil).

Maturity analysis of financial assets and liabilities

Financial Assets

	2015	2014
	£	£
Up to 3 months	**227,718**	1,816,894
3 to 6 months	**-**	4,134,739
Over 6 months	**-**	4,075,073
	227,718	10,026,706

Financial Liabilities

	2015	2014
	£	£
Up to 3 months	**304,191**	1,306,606
3 to 6 months	**-**	2,855,196
Over 6 months	**-**	1,218,845
	304,191	5,380,647

5. EMPLOYEES AND DIRECTORS

	2015	2014
	£	£
Wages and salaries	**555,682**	1,367,272
Social security costs	**71,954**	181,653
Redundancy costs	**-**	699,812
Share based payments (note 22)	**-**	58,433
Other pensions costs	**46,950**	315,193
	674,586	2,622,363

Post-employment benefits include employee and Company contributions to money purchase pension schemes.

The average monthly number of employees during the year was as follows:

	2015	2014
Directors	**3**	6
Employees	**4**	7
	7	13

	2015	2014
	£	£
Directors' remuneration	**144,744**	662,277
Compensation for loss of office/ variation in contract	**73,333**	477,593
Directors' pension contributions to money purchase schemes	**18,333**	224,725
	236,410	1,364,595

The average number of Directors to whom retirement benefits were accruing was as follows:

	2015	2014
Money purchase schemes	**1**	3

5. EMPLOYEES AND DIRECTORS – continued

Information regarding the highest paid Director is as follows:	**2015**	2014
	£	£
Aggregate emoluments	**65,267**	145,833
Compensation for loss of office/ variation in contract	**73,333**	156,338
	138,600	302,171
Pension contributions	**18,333**	83,067

The Directors did not exercise any share options during the year.

Key management compensation

Key management includes Directors (Executive and Non-Executive) and the Company Secretary. The compensation paid or payable to key management for employee services is shown below;

	2015	2014
	£	£
Wages and short-term employee benefits	**475,946**	841,972
Compensation for loss of office	**-**	592,643
Share based payments (note 22)	**-**	77,889
Post-employment benefits	**54,658**	243,924
	530,604	1,756,428

6. EXCEPTIONAL ITEMS

	2015	2014
	£	£
Impairment of Goodwill on Business Acquisition (note 14)	**(569,884)**	-
Impairment charge on production asset at 30/06/14 (note 13)	**-**	(4,704,352)
Impairment charge on production asset at 31/12/14 (note 13)	**-**	(10,372,431)
Provision for onerous contract on production asset	**-**	(6,492,271)
Release from contractual agreements with Creditors	**3,827,609**	-
Loss on disposal of IGas Energy plc shares	**-**	(215,346)
	3,257,725	(21,784,400)

7. NET FINANCE COSTS

	2015	2014
	£	£
Finance income:		
Joint venture finance charge	**9,238**	-
Interest received	**3,799**	19,029
Finance costs:	**13,037**	19,029
CGG Services (UK) Limited interest	**2,776**	15,493
Unwinding of discount on the decommissioning liability (note 20)	**160,720**	251,435
Joint venture finance charge	**903**	1,776
G E Capital facility fees	**-**	(28,137)
	164,399	240,567
Net finance costs	**(151,362)**	(221,538)

8. LOSS BEFORE TAX

The loss before tax is stated after charging/(crediting):

	2015	2014
	£	£
Depreciation	**120,168**	86,895
Depletion of oil assets (note 12)	**-**	5,397,403
Impairment of oil assets (note 12)	**147,868**	15,076,783
Intangible asset amortisation (note 11)	**833,332**	500,000
Impairment of intangible assets (note 11)	**3,955,329**	12,534,158
Onerous contract provision	**(4,177,609)**	6,492,271
Auditors' remuneration – audit of parent company and consolidation	**27,500**	27,500
Auditors' remuneration – audit of subsidiaries	**11,500**	28,500
Foreign exchange (gain) / loss	**(86,813)**	(711,862)
Directors' remuneration (note 5)	**236,410**	1,364,595
Employee costs (note 5)	**438,106**	1,257,768
Share based payments (notes 5 & 22)	**-**	58,433

9. TAX

Reconciliation of tax charge

	2015	2014
	£	£
Loss before tax	**(1,430,078)**	(44,405,973)
Tax at the domestic rate of 20% (2014: 20%)	**(286,016)**	(8,881,195)
Expenses not deductible for tax purposes and non-taxable income	**2,010**	7,867,214
Deferred tax asset not recognised	**284,006**	1,013,981
Utilisation of prior year trading losses		-
Total tax expense reported in the Consolidated Statement of Comprehensive Loss	**-**	-

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2015 or for the year ended 31 December 2014.

The Group have not recognised a deferred tax asset due to the uncertainty over when the tax losses can be utilised. At the year end the tax losses within the Group were approximately £24m.

10. LOSS PER SHARE

Basic loss per share is calculated by dividing the losses attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares. As a loss was recorded for the current and prior year, the issue of potential ordinary shares would have been anti dilutive (see note 22 for share options in place at the end of the year).

	Loss attributable to ordinary shareholders £	**Weighted average number of shares**	**Per share amount pence**
Year ended 31 December 2015			
Basic and Diluted EPS			
Loss attributable to ordinary shareholders	(1,430,078)	4,895,881	(29.21)
Year ended 31 December 2014			
Basic and Diluted EPS			
Loss attributable to ordinary shareholders	(44,405,973)	227,169,331	(19.55)

11. INTANGIBLE ASSETS

	Exploration costs £	Data Licence costs £	Total £
COST			
At 1 January 2014	12,258,417	4,000,000	**16,258,417**
Additions	1,648,607	-	**1,648,607**
At 31 December 2014	13,907,024	4,000,000	**17,907,024**
Additions	2,722,853	-	**2,722,853**
At 31 December 2015	16,629,877	4,000,000	**20,629,877**
AMORTISATION, DEPLETION & DEPRECIATION			
At 1 January 2014	2,067	2,666,668	**2,668,735**
Charge for the year	-	500,000	**500,000**
Impairment charge for the year	12,534,158	-	**12,534,158**
At 31 December 2014	12,536,225	3,166,668	**15,702,893**
Charge for the year	-	833,332	**833,332**
Impairment charge for the year	3,955,329	-	**3,955,329**
At 31 December 2015	16,491,554	4,000,000	**20,491,554**
NET BOOK VALUE			
At 31 December 2015	138,323	-	**138,323**
At 31 December 2014	1,370,799	833,332	**2,204,131**
At 31 December 2013	12,256,350	1,333,332	**13,589,682**

* Impairments relate to the following licences included in Cost of sales in the Consolidated Statement of Comprehensive Income:

	£
Licence P.1293 - Athena	453
Licence P.1556 - Orchid	1,650
Licence P.1610 - Magnolia	29,732
Licence P.1666 - Romeo	362,820
Licence P.1768 - Bordeaux/Brule	410
Licence P.1889 - Niobe	3,174,181
Licence P.1989 - Homer	262,076
Licence P.2032 - Valleys	1,763
Licence P.2170 - Cortina	122,244
	3,955,329

Following completion of geotechnical evaluation activities, certain North Sea licences were declared unsuccessful and certain prospects were declared non-commercial. This subsequently involved the relinquishment of all licences except Licence P.2170 (Cortina). The carrying value of all licences except Cortina were fully written down to nil with £3.9m included in the Consolidated Statement of Comprehensive Income in the year to 31 December 2015. At 31 December 2015 the only remaining exploration asset (P.2170 – Cortina) was reviewed and the carrying value of £138,000 was considered reasonable based on ongoing exploration work in the licence block.

12. PROPERTY, PLANT AND EQUIPMENT

	Production interests and fields under development £	Computer and office equipment £	Total £
COST			
At 1 January 2014	22,965,548	235,049	**23,200,597**
Additions	6,339,479	50,973	**6,390,452**
At 31 December 2014	29,305,027	286,022	**29,591,049**
Additions	147,868	-	**147,868**
At 31 December 2015	29,452,895	286,022	**29,738,917**
AMORTISATION, DEPLETION & DEPRECIATION			
At 1 January 2014	8,830,841	73,904	**8,904,745**
Charge for the year	5,397,403	86,895	**5,484,298**
Impairment charge for the year	15,076,783	-	**15,076,783**
At 31 December 2014	29,305,027	160,799	**29,465,826**
Charge for the year	-	120,168	**120,168**
Impairment charge for the year	147,868	-	**147,868**
At 31 December 2015	29,452,895	280,967	**29,733,862**
NET BOOK VALUE			
At 31 December 2015	-	5,055	**5,055**
At 31 December 2014	-	125,223	**125,223**
At 1 January 2014	14,134,707	161,145	**14,295,852**

Following the contract negotiations on the Athena production field the costs incurred on the licence have been impaired as the asset does not have a value to the Group.

13. IMPAIRMENTS

	2015 £	2014 £
Production asset	**147,868**	15,076,783
Exploration assets	**3,955,329**	12,534,158
Provision for onerous contract on production asset	**-**	6,492,271
	4,103,197	34,103,212

14. BUSINESS COMBINATIONS

On 14 August 2015, the Group acquired 100% of the share capital of Jersey Oil & Gas E&P Limited through an issuance of 2,250,000 shares. As a result of the acquisition, the Group has been renamed and has a refined business strategy focused on acquiring positive cashflow production assets.

The following table summarises the consideration paid for Jersey Oil & Gas E&P Limited, the fair value of assets acquired and the liabilities assumed at the acquisition date of 14 August 2015.

	£
Purchase Consideration (refer to b)	**495,000**
Fair value of net identifiable assets and liabilities acquired (refer to c)	**74,884**
Goodwill at the acquisition date	**569,884**
Impairment	**(569,884)**
Goodwill as at 31 December 2015	**-**

Purchase Consideration

The purchase consideration was wholly satisfied through the issue of 2.25m new ordinary shares. The value is based upon the published share price of GBP 0.22 on the day of admission. There was no other form of consideration paid for the acquisition of Jersey Oil & Gas E&P Limited.

Assets and Liabilities Acquired

	£
Cash and Cash Equivalents	**54,527**
Creditors and Accruals	**(129,411)**
Fair Value of Net Assets/(Liability)	**(74,884)**

14. BUSINESS COMBINATIONS - continued

The net assets of the purchased company (Jersey Oil & Gas E&P) were carried at fair value and as such no adjustments were made to their value at the acquisition date for the purposes of the business combination.

Impairment of Goodwill
IAS 36 Impairment of Assets requires that goodwill is assessed for impairment annually. Based on this requirement the Group have impaired the full goodwill balance to nil in 2015 as the goodwill calculated was not supported by the future cash flows of the acquired business. Jersey Oil & Gas E&P had no oil and gas specific assets at the acquisition date and held only limited financial assets and liabilities. Based on the Group's evaluation at the year end it was deemed appropriate to impair the goodwill initially recognised.

The impairment has been expensed to the consolidated statement of comprehensive income as an exceptional item (note 6).

Jersey Oil & Gas E&P Limited contributed a loss of £127,204 to the consolidated statement of comprehensive income since the acquisition date.

Had Jersey Oil & Gas E&P Limited been consolidated from 1 January 2015, the Jersey Oil and Gas plc consolidated statement of income would show a loss of £1,817,626.

15. INVENTORIES

	2015	2014
	£	£
Oil inventories held for resale	**-**	858,060

16. TRADE AND OTHER RECEIVABLES

	2015	2014
	£	£
Current:		
Trade receivables (net)	**124,526**	1,546,111
Other receivables	**68**	1,549,085
Deposits	**15,000**	6,556,494
Value added tax	**26,253**	87,093
Prepayments	**61,871**	287,923
	227,718	10,026,706

17. CASH AND CASH EQUIVALENTS

	2015	2014
	£	£
Unrestricted cash in bank accounts	**862,910**	7,074,282
Restricted cash in escrow bank accounts	**-**	350,000
	862,910	7,424,282

The restricted cash relates to amounts held in escrow as security for possible future liabilities to third parties.

18. CALLED UP SHARE CAPITAL

Issued and fully paid:

Number:	Class	Nominal value	**2015**	2014
			£	£
8,391,477 (2014: 227,169,331)	Ordinary	1p	**2,331,767**	2,271,693

In August 2015, a capital reorganisation was undertaken that effectively reduced, by a factor of 100 the number of ordinary shares in issue. In August 2015 3,711,228 new shares were issued which raised £0.82m. In August 2015 2,250,000 new shares were issued for 100% of the share capital of Jersey Oil & Gas E&P Limited (note 14).

19. TRADE AND OTHER PAYABLES

	2015	2014
	£	£
Current:		
Trade payables	**29,202**	1,306,606
Accrued expenses	**150,560**	679,332
Other payables	**101,390**	2,175,864
Taxation and Social Security	**23,039**	-
	304,191	4,161,802
Non-current:		
Other payables	**-**	1,218,845
Aggregate amounts	**304,191**	5,380,647

20. PROVISIONS FOR LIABILITIES AND CHARGES

	Onerous Contracts (Athena) £	Decommissioning and site restoration £	Total £
At 1 January 2014	-	4,662,912	4,662,912
Athena site restoration obligation adjustment	-	2,800,213	2,800,213
Disposal of Lybster	-	251,435	251,435
Provision on Athena production asset	6,492,271	-	6,492,271
At 1 January 2015	6,492,271	7,714,560	14,206,831
Unwinding of discount	**-**	**160,720**	**160,720**
Transfer to Contingent liability	**-**	**(7,875,280)**	**(7,875,280)**
Utilised during the year	**(6,492,271)**	**-**	**(6,492,271)**
At 31 December 2015	**-**	**-**	**-**

21. CONTINGENT LIABILITY

During the year, the settlement agreement reached with our partners in the Athena Consortium (referred to above), means that, although Trap Oil Ltd remains a partner in the joint venture, any past or future liabilities in respect of its interest can only be paid from the revenue that the Athena Oil Field generates and 60 per cent. of any petroleum sales or net disposal proceeds from certain other Group assets, with its consortium partners holding security over such assets. Any future repayments cannot be calculated with any certainty, and any remaining liability still in existence once the Athena Oil Field has been decommissioned will be written off.

During the prior year the Group assigned its lease of 35 King Street to a third party. However, the Group is still acting as Authorised Guarantor for all liabilities of the assignee in relation to the lease agreement.

22. SHARE BASED PAYMENTS

The Group operates a number of share option schemes. Options are exercisable at the prices set out in the table below. Options are forfeited if the employee leaves the Group through resignation or dismissal before the options vest.

Equity settled share based payments are measured at fair value at the date of grant. The fair value determined at the date of grant of equity settled share based payments is expensed on a straight line basis over the vesting period, based upon the Group's estimate of shares that will eventually vest.

During the year, due to the capital reorganisation, the number of options were reduced by the same factor of 100 as the issued share capital at the time of the reorganisation and the option price was increased by the same factor. Therefore, the options remained the same percentage of the issued share capital with the same value.

During the year, a number of the share options lapsed or did not vest following employees leaving employment or certain performance criteria not being met.

The Group share option schemes are for Directors, Officers and employees and details of outstanding options are set out in the table on the following page.

22. **SHARE BASED PAYMENTS continued**

Date Of Grant	Exercise price pence	Vesting date	Expiry date	No. of shares for which options outstanding at 1 Jan 2015	14 Aug 2015 Reconstruction	Options lapsed/non vesting during the year	No. of shares for which options outstanding at 31 Dec 2015
Pre IPO Options							
March 2011	100	Vested	Mar 2021	2,413,836	(2,389,698)	-	24,138
Under the Trap Oil Group plc Unapproved Share Option Plan 2011 and Individual Option Agreements							
Mar 2011	4,300	Vested	Mar 2021	1,269,385	(1,256,691)	(6,885)	5,809
Mar 2011	4,300	Mar 2014	Mar 2021	627,409	(621,135)	(1,919)	4,355
Mar 2011	4,300	Mar 2015	Mar 2021	627,409	(621,135)	(465)	5,809
Jul 2011	4,300	Jul 2011	Jul 2021	52,823	(52,300)	-	523
Jul 2011	4,300	Jul 2012	Jul 2021	52,823	(52,300)	-	523
Jul 2011	4,300	Jul 2014	Jul 2021	52,823	(52,300)	-	523
Dec 2011	2,712	Dec 2012	Dec 2021	165,000	(163,350)	-	1,650
Dec 2011	2,712	Dec 2014	Dec 2021	165,000	(163,350)	-	1,650
Dec 2011	2,712	Dec 2015	Dec 2021	300,000	(297,000)	(3,000)	-
May 2013	1,500	May 2014	May 2023	1,083,333	(1,072,500)	(1,333)	9,500
May 2013	1,500	May 2015	May 2023	1,083,333	(1,072,500)	(1,333)	9,500
May 2013	1,500	May 2015	May 2023	1,083,334	(1,072,501)	(10,833)	-
						Total	**63,980**

During the year no options were exercised or granted.

23. **COMMITMENTS**

	Capital Commitments		Operating leases	
	2015	2014	**2015**	2014
	£	**£**	**£**	£
No later than 1 year	**-**	4,600,000	**10,000**	-
Later than 1 year and no later than 5 years	**-**	-	**-**	82,500
Later than 5 years	**-**	-	**-**	-
	-	4,600,000	**10,000**	82,500

The Group leased an office at 85 Gresham Street under a non-cancellable operating lease agreement. The lease expired in February 2016 and this was not renewed.

24. **RELATED PARTY DISCLOSURES AND ULTIMATE CONTROLLING PARTY**

The Group and Company do not have an ultimate controlling party, or parent Company.

Related Undertakings

Subsidiary	% owned	County of Incorporation	Principal Activity	Amount due to/(from) subsidiaries 2015 £	2014 £
Predator Oil Ltd	100%	England & Wales	Non Trading	**211,676**	(7,595)
Trap Oil Ltd	100%	England & Wales	Oil Exploration	**-**	-
Trap Oil & Gas Ltd	100%	Scotland	Non Trading	**-**	-
Trap Petroleum Ltd	100%	Scotland	Non Trading	**1**	-
Trap Exploration (UK) Ltd	100%	Scotland	Non Trading	**1**	1
Jersey Oil & Gas E & P Ltd	100%	Jersey	Management services	**-**	-

The balances outstanding at the end of the year from Trap Oil Limited £68,251,398 (2014: £36,403,124) and Jersey Oil & Gas E&P Ltd £160,882 have been, given the doubt over the ability of the subsidiaries to continue as going concerns, impaired to £nil.

During the year, the Company also made sales to Trap Oil Limited amounting to £1,040,704 (2014: £4,059,439).

25. **EVENTS AFTER THE REPORTING PERIOD**

Relinquishment of Exploration Licences

The Group and Company do not have an ultimate controlling party, or parent Company.

Liberator
Based on significant ongoing licence fees, management took the decision on 6 January 2016 to relinquish all interests in Licence P.1610, Block 12/23a ("Liberator"). As a result the Company has therefore forgone its 10 per cent carried interest in this licence.

Licence P.1989
In January 2016 the Company entered into a sale and purchase agreement (the "SPA") with Azinor Catalyst Limited ("Catalyst") for the farm-out of its 50 per cent. interest in Seaward Production Licence P.1989 Blocks 14/11, 12 & 16 (the "Licence").The balancing 50 per cent. interest in the Licence was held by Norwegian Energy Company UK Limited ("Noreco") and under the terms of the SPA Catalyst agreed to acquire 100 per cent. of the Licence from both Trap Oil and Noreco, and to be appointed as Operator.

25. EVENTS AFTER THE REPORTING PERIOD – continued

By way of consideration, Catalyst will undertake certain firm work commitments, as set out in the terms of the Licence. These terms include the drill-or-drop obligation in respect of an exploration well and a commitment to make certain payments to each of the Company and Noreco contingent on the occurrence of certain future events, namely:

- US$2m within 90 days of the date when an exploration well, drilled within the Licence area, exceeds a threshold of net-pay with a vertical extent of no less than twenty metres of sands with a hydrocarbon saturation above sixty per cent. and a permeability cut-off of 1mD; and
- a further US$2m within 90 days of the date when a Field Development Plan in respect of the aforementioned exploration well is approved by the Secretary of State for Energy and Climate Change.

Romeo
Effective 11 February 2016, a decision by the joint venture partners was made to relinquish Licence P.1666, Block 30/11c ("Romeo"). Relinquishment of this licence interest will remove further cost exposure for Jersey Oil & Gas.

26. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

RECONCILIATION OF LOSS BEFORE TAX TO CASH USED IN OPERATIONS

	2015	2014
	£	£
Loss for the year before tax	**(1,430,078)**	(44,405,973)
Adjusted for:		
Amortisation, impairments, depletion and depreciation	**5,901,697**	33,595,239
Onerous contract provision	**-**	6,492,271
Loss on disposal of available for sale assets	**-**	215,346
Share based payments (net)	**-**	58,433
Finance costs	**164,399**	240,567
Finance income	**(13,037)**	(19,029)
Other payables	**-**	-
	4,622,981	(3,823,146)
Decrease in inventories	**858,060**	391,539
Decrease in trade and other receivables	**9,798,988**	1,986,512
(Decrease)/Increase in trade and other payables	**(19,444,008)**	473,052
Cash used in operations	**(4,163,979)**	(972,043)

CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of Cash and cash equivalents are in respect of these statements of financial position amounts:

Year ended 2015

	31 Dec 2015	**1 Jan 2015**
	£	**£**
Cash and cash equivalents	**862,910**	**7,074,282**

Year ended 2014

	31 Dec 2014	**1 Jan 2014**
	£	£
Cash and cash equivalents	7,074,282	16,088,908

	At 1 Jan 2015	**Analysis of net cash cash flow**	**At 31 Dec 2015**
	£	**£**	**£**
Cash and cash equivalents	7,074,282	(6,211,372)	862,910
Net cash	**7,074,282**	**(6,211,372)**	**862,910**

27. AVAILABILITY OF THE ANNUAL REPORT 2015

A copy of these results will be made available for inspection at the Company's registered office during normal business hours on any weekday. The Company's registered office is at 10 The Triangle, ng2 Business Park, Nottingham NG2 1AE. A copy can also be downloaded from the Company's website at www.jerseyoilandgas.com. Jersey Oil and Gas plc is registered in England and Wales with registration number 7503957.

Independent Auditors' report to the members of Jersey Oil and Gas plc.

Report on the Parent Company financial statements

Our opinion
In our opinion, Jersey Oil and Gas Plc's company financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Going concern
In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 2 to the consolidated financial statements concerning the group's and company's ability to continue as a going concern. The group and company have insufficient financial resources to continue in operation other than in the short term in the absence of additional funding and/or revenue streams from producing assets. The directors are therefore continuing to assess a number of potential funding sources and potential acquisition of producing UK North Sea assets. However, there is uncertainty both as to the ability of the group and company to secure such further funding and/or to acquire producing assets. These conditions, along with the other matters explained in note 2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and company were unable to continue as a going concern.

What we have audited
The financial statements, included within the Annual Report, comprise:

- the Company Statement of Financial Position as at 31 December 2015;
- the Company Statement of Cash Flows for the year then ended;
- the Company Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law, and as applied in accordance with the provisions of the Companies Act 2006.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion, the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration
Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors
As explained more fully in the Statement of Directors' Responsibilities set out on page 15, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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

Other matter
We have reported separately on the group financial statements of Jersey Oil and Gas Plc for the year ended 31 December 2015. That report includes an emphasis of matter.

Richard Spilsbury (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
24 April 2016

JERSEY OIL AND GAS PLC
(FORMERLY TRAP OIL GROUP PLC)
COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	**2015** £	2014 £
NON-CURRENT ASSETS			
Property, plant and equipment	4	**-**	112,735
Investments	5	**-**	-
		-	112,735
CURRENT ASSETS			
Trade and other receivables	6	**35,309**	554,291
Cash and cash equivalents	7	**743,622**	1,806,896
		778,931	2,361,187
TOTAL ASSETS		**778,931**	2,473,922
EQUITY			
Called up share capital	8	**2,331,767**	2,271,693
Share premium account		**69,569,979**	68,321,083
Share options reserve		**1,381,128**	1,786,420
Accumulated losses		**(72,828,837)**	(70,718,116)
TOTAL EQUITY		**454,037**	1,661,080
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	9	**324,894**	812,842
TOTAL LIABILITIES		**324,894**	812,842
TOTAL EQUITY AND LIABILITIES		**778,931**	2,473,922

The financial statements on pages 38 to 43 were approved by the Board of Directors and authorised for issue on 22 April 2016. They were signed on its behalf by S J Richardson Brown – Chief Financial Officer.

Company Registration Number: 07503957

The notes on pages 41 to 43 are an integral part of these financial statements

JERSEY OIL AND GAS PLC
(FORMERLY TRAP OIL GROUP PLC)
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Called up share capital £	Share premium account £	Share options reserve £	Accumulated losses £	Total equity £
At 1 January 2014	2,271,693	68,321,083	2,575,467	(34,442,284)	38,725,959
Total comprehensive loss and loss for the year	-	-	-	(37,123,312)	(37,123,312)
Lapsed options	-	-	(847,480)	847,480	-
Transactions with owners (share based payments)	-	-	58,433	-	58,433
At 31 December 2014	2,271,693	68,321,083	1,786,420	(70,718,116)	1,661,080
Total comprehensive loss and loss for the year	-	-	-	(2,516,013)	(2,516,013)
Lapsed options	-	-	(405,292)	405,292	-
Issue of Share capital	60,074	1,248,896	-	-	1,308,970
Transactions with owners (share based payments)	-	-	-	-	-
At 31 December 2015	**2,331,767**	**69,569,979**	**1,381,128**	**(72,828,837)**	**454,037**

The notes on pages 41 to 43 are an integral part of these financial statements

JERSEY OIL AND GAS PLC
(FORMERLY TRAP OIL GROUP PLC)
COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	**2015** £	2014 £
Cash flows from operating activities			
Cash generated from operations	11	**(687,917)**	176,298
Net cash (used in)/generated from operating activities		**(687,917)**	176,298
Cash flows from investing activities			
Purchase of property, plant and equipment	4	**-**	(36,924)
Interest received		**3,253**	40,181
Net cash generated from investing activities		**3,253**	3,257
Cash flows from financing activities			
Proceeds from share issue		**813,970**	-
Loans to subsidiary companies		**(1,192,580)**	(1,658,882)
Net cash used in financing activities		**(378,610)**	(1,658,882)
Decrease in cash and cash equivalents	11	**(1,063,274)**	(1,479,327)
Cash and cash equivalents at beginning of year	11	**1,806,896**	3,286,223
Cash and cash equivalents at end of year	11	**743,622**	1,806,896

The notes on pages 41 to 43 are an integral part of these financial statements

1. SIGNIFICANT ACCOUNTING POLICIES

The separate financial statements of the Company are presented as required by the Companies Act 2006. As permitted by that Act, the separate financial statements have been prepared in accordance with International Financial Reporting Standards.

These financial statements have been prepared under the historic cost convention, in accordance with International Financial Reporting Standards and IFRS IC interpretations as adopted by the European Union ("IFRSs") and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared on a going concern basis. The significant accounting judgements and estimates are consistent with those set out in note 2 to the consolidated financial statements. The principal accounting policies adopted are consistent with those set out in note 2 to the consolidated financial statements. The financial risk management for the Company is consistent with those set out in note 4 to the consolidated financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Investments in subsidiaries are stated at cost less, and where appropriate, provisions for impairment.

2. EMPLOYEES AND DIRECTORS

The Directors' total emoluments, are included in the aggregate of directors' emoluments disclosed in the consolidated financial statements of the ultimate parent company (note 5).

3. LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Loss of the parent Company is not presented as part of these financial statements.

The parent Company's loss for the year was £2,516,013 (2014: £37,123,312).

Auditor's remuneration is disclosed in note 8 in the consolidated financial statements.

4. PROPERTY, PLANT AND EQUIPMENT

	Office equipment £
COST	
At 1 January 2014	218,105
Additions	36,924
At 31 December 2014	255,029
Additions	-
At 31 December 2015	**255,029**
ACCUMULATED DEPRECIATION	
At 1 January 2014	64,007
Charge for the year	78,287
At 31 December 2014	142,294
Charge for the year	112,735
At 31 December 2015	**255,029**
NET BOOK VALUE	
At 31 December 2015	**-**
At 31 December 2014	112,735
At 1 January 2014	154,098

5. INVESTMENTS

	Shares in Group undertakings £
At 1 January 2014	**9,998**
Impairments	**(9,998)**
At 31 December 2014	**-**
Additions	**495,000**
Impairments	**(495,000)**
At 31 December 2015	**-**

During the year the company purchased 100% of the issued share capital of Jersey Oil & Gas E & P Ltd for £495,000. At the year end this investment was reviewed and impaired to £nil. Further details are disclosed in note 14 of the consolidated financial statements.

6. TRADE AND OTHER RECEIVABLES

	2015 £	2014 £
Current:		
Other receivables	**-**	264,629
Value Added Tax	**24,083**	78,256
Prepayments	**11,226**	211,406
	35,309	554,291

7. CASH AND CASH EQUIVALENTS

	2015 £	2014 £
Cash at bank	**743,622**	1,806,896

8. CALLED UP SHARE CAPITAL

Issued and fully paid:

Number:	Class	Nominal Value	2015 £	2014 £
8,391,477 (2014: 227,169,331)	Ordinary	1p	**2,331,767**	2,271,693

9. TRADE AND OTHER PAYABLES

	2015 £	2014 £
Current:		
Amounts due to group undertaking	**211,678**	-
Trade payables	**4,584**	120,788
Other payables	**19,393**	35,227
Accrued expenses	**89,239**	656,827
	324,894	812,842

10. RELATED PARTY DISCLOSURES AND ULTIMATE CONTROLLING PARTY

The Group and Company do not have an ultimate controlling party, or parent Company.

				Amount due to/(from) subsidiaries	
Subsidiary	**% owned**	**County of Incorporation**	**Principal Activity**	**2015 £**	2014 £
Predator Oil Ltd	100%	England & Wales	Non Trading	**(211,676)**	(7,595)
Trap Oil Ltd	100%	England & Wales	Oil Exploration	**-**	-
Trap Oil & Gas Ltd	100%	Scotland	Non Trading	**-**	-
Trap Petroleum Ltd	100%	Scotland	Non Trading	**1**	-
Trap Exploration (UK) Ltd	100%	Scotland	Non Trading	**1**	1
Jersey Oil & Gas E & P Ltd	100%	Jersey	Management services	**-**	-

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10. RELATED PARTY DISCLOSURES AND ULTIMATE CONTROLLING PARTY - continued

The balances outstanding at the end of the year from Trap Oil Limited £68,251,398 (2014: £36,403,124) and Jersey Oil & Gas E&P Ltd £160,882 have been, given the doubt over the ability of the subsidiaries to continue as going concerns, impaired to £nil.

During the year the Company also made sales to Trap Oil Limited amounting to £1,040,704 (2014: £4,059,439)

11. NOTES TO THE COMPANY STATEMENT OF CASH FLOWS

RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	2015 **£**	2014 £
Loss for the year before tax	**(2,516,013)**	(37,123,312)
Adjusted for:		
Depreciation charge (note 4)	**112,735**	78,287
Impairment of investment in subsidiaries (note 5)	**495,000**	9,998
Impairment of receivables from subsidiaries (note 10)	**1,404,258**	36,661,990
Provision for write off of loan interest	**334,118**	-
Share based payments (net)	**-**	58,433
Finance income	**(3,253)**	(109,671)
	(173,155)	(424,275)
Decrease in receivables (note 6)	**184,864**	265,808
(Decrease)/Increase in trade and other payables (note 9)	**(699,626)**	334,765
Cash (used in)/generated from operations	**(687,917)**	176,298

CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of Cash and cash equivalents are in respect of these statements of financial position amounts:

Year ended 2015

	31 Dec 2015 **£**	**1 Jan 2015** **£**
Cash and cash equivalents	**743,622**	**1,806,896**

Year ended 2014

	31 Dec 2014 £	**1 Jan 2014** £
Cash and cash equivalents	1,806,896	3,286,223

	Analysis of net cash		
	At 1 Jan 2015 **£**	**Cash flow** **£**	**At 31 Dec 2015** **£**
Cash and cash equivalents	1,806,896	(1,063,274)	743,622
Net cash	**1,806,896**	**(1,063,274)**	**743,622**