Annual Report and Financial Statements 2018

TomCo Energy plc

For further information visit us online at:
www.tomcoenergy.com or email us at: info@tomcoenergy.com

COMPANY DETAILS

TOMCO ENERGY PLC

Company Numbers

Isle of Man	6969V
England & Wales	FC022829

Country of Incorporation	Isle of Man

Board of Directors

Andrew Jones	*Executive Chairman*
John Potter	*Chief Executive Officer*
Alexander Benger	*Non-Executive Director*
Malcolm Groat	*Non-Executive Director*
Laurence Read	*Non-Executive Director*

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Broker
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6th Floor, Becket House
Old Jewry
London EC2R 8DD

Nominated Adviser
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CHAIRMAN'S STATEMENT

I am pleased to present to the shareholders of TomCo Energy plc ("TomCo" or the "Company" or, with its subsidiaries, the "Group"), the Annual Report and Financial Statements for the year ended 30 September 2018.

The year started with the appointment of John Potter as Chief Executive Officer, taking over the role from Chris Brown in February 2018. We are grateful for the services that Chris provided to the Group and we look forward to a continued relationship with him as a significant shareholder in TomCo. Chris's continued support was evidenced by the conversion of £100,000 of his loan to the Company into equity, with the balance of £150,000 settled in full.

Since his appointment, John has played a significant role in developing the field test programme for the Holliday Block, which will continue during 2019 (the "Field Test"). The Field Test programme, which commenced in 2018, was suspended in November 2018 as, with the onset of winter, TurboShale Inc. ("TurboShale") was unable to complete necessary upgrades to the equipment at site to address the influx of water being experienced within the wells.

Following the placing, announced on 20 March 2019, raising £600,000 (gross), I am delighted to confirm that we now have the funding required to complete the Field Test in 2019. Whilst the delay of the Field Test in 2018 was clearly not ideal, we were able to gather valuable information from the initial work performed, that has and will prove invaluable for the development of and completion of the Field Test in 2019.

The work programme for 2019 has been developed by the Company and TurboShale, in which the Company has an 80% interest, in tandem with the Company's technical consultants, IGES Inc. ("IGES"), and Himes Drilling Company Inc. ("Himes").

The Field Test seeks to build on the successful BART programme, which used radio frequency ("RF") technology, in the 1980s at a site also within the same Uintah Basin as our Holliday Block. We intend to ascertain the suitability and subsequent commerciality of TurboShale's RF technology to recover oil from the Group's Holliday Block.

The Company also increased its shareholding in TurboShale during the year from 66% to 80% following a restructuring of the company.

We are grateful for the continued support of our partner JR Technologies LLC ("JRT"), who are interested in 20% of TurboShale. Mr Ray Kasevich, a principal of JRT, possesses extensive knowledge of TurboShale's RF technology, having been involved in the BART programm. Ray also serves as a director on the board of TurboShale. In addition, post year-end, we were notified that the second patent (in application) held by TurboShale, acquired pursuant to the framework agreement in June 2017 with JRT, had been granted by the US Patent Office.

At the end of May 2018, John and I attended the Governor of Utah's Energy Summit, where a number of strategic and stakeholder relationships were developed and enhanced. We were delighted by the strong support shown by all our partners and stakeholders and the recognition of what we intend to achieve through the development and execution of the Field Test. Such stakeholders include the State of Utah School and Institutional Trust Lands Administration ("SITLA"), who own the land covered by our leases. We value these relationships greatly and they will become ever-more important as the results of the Field Test are determined and used to develop a commercial programme for the use of TurboShale's RF technology in the recovery of oil from shale.

With the Group's move towards in-situ recovery technologies rather than mining-based techniques, it became clear to us that an updated technical review of the Group's oil shale leases was required. Accordingly, we engaged SRK Consulting (Australasia) Pty Ltd. ("SRK") to complete an independent technical review of our two oil shale leases, ML 49570 and ML 49571 (the "Leases"), in which TomCo has a 100% working interest. We were pleased to announce the results of SRK's technical review on 18 March 2019, which provided a best estimate Contingent Resources (2C) of, in aggregate, 131.3 MM bbl of oil assessed under Petroleum Resources Management System ("PRMS") guidelines, plus a best estimate Prospective Resource (2U) of, in aggregate, 442.8 MM bbl oil across the Leases. This included the Holliday A Block, where the Field Test is being undertaken, with 2C Contingent Resources of 57.3 MM bbl of oil and 2U Prospective Resources of 84.7 MM bbl of oil.

As announced on 20 March 2019, the initial phase of planning for the Field Test in 2019 has now been concluded, including:

- groundwater desktop survey completed by IGES over ML49571, identifying prospective 'dry' sites for the 2019 Field Test programme within the Holliday A Block, similar to those hosting the historical BART programme;
- drilling pattern designed for the Field Test in 2019, with a central production well to drain oil generated by RF antennas within the Mahogany oil shale zone in surrounding wellbores.

With all the requisite permits for the test wells having now been granted, we currently expect mobilisation to drill the test wells in April 2019 in order to confirm the site for the production well and antenna wellbores for the 2019 Field Test.

The primary objective for the Field Test in 2019 is the recovery of oil from the Group's Holliday A Block through the application of RF technology. Assuming a successful test, the Group will have recovered sufficient oil to undertake analysis to confirm the quality and potential recovery rates using TurboShale's RF technology.

With the funds raised through the placing in March 2019, we are delighted to be in a position to move forward to complete the Field Test in 2019 which myself and the Board strongly believe will generate shareholder value and I look forward to keeping shareholders updated in that regard.

We were also pleased to recently announce that SITLA had approved the transfer of a further seven oil shale leases to the Group.

These leases (being ML48801, ML48802, ML48803, ML48806, ML49236, ML49237 and ML50151) comprise, in aggregate, 12,569 acres and are estimated to contain over 1.2 billion barrels of potential oil (as measured by the United States Geological Society) based on the projected thickness of the known oil shale zones. These leases are located within the Uintah Basin, in the same Green River formation as the Company's other two leases and significantly increases our overall acreage. I am pleased to confirm that there will be minimal ongoing costs in respect of these additional leases in the short term.

Post year-end, we were also delighted to welcome Laurence Read to the Board as a Non-Executive Director. Laurence's public company experience will prove valuable to the Company as we move forward into an exciting stage of our development.

We would like to thank all shareholders for their continued support and look forward to providing positive updates throughout 2019 and into 2020.

Andrew Jones
Chairman, TomCo Energy PLC
28 March 2019

DIRECTORS' REPORT

The Directors submit their report and the financial statements of the Company and of the Group for the year ended 30 September 2018.

PRINCIPAL ACTIVITY

The principal activity of the Group is that of developing its oil shale leases for future production.

RISK ASSESSMENT

The Group's oil and gas activities are subject to a range of financial and operational risks which can significantly impact on its performance.

Operational risk

The Group has obtained resource assessments in relation to its oil shale leases ML49570 and ML49571, the latest of which was obtained in 2019, as disclosed in the Chairman's Statement. This shows best estimate Contingent Resources (2C) of, in aggregate, 131.3 MM bbl of oil assessed under Petroleum Resources Management System ("PRMS") guidelines, plus a best estimate Prospective Resource (2U) of, in aggregate, 442.8 MM bbl oil across the Leases. This included the Holliday A Block, where the Field Test is being undertaken, with 2C Contingent Resources of 57.3 MM bbl of oil and 2U Prospective Resources of 84.7 MM bbl of oil using in-situ recovery methods aligned to the TurboShale technologies under development.

Following Total E&P USA Oil Shale, LLC's ("TOTAL") decision in 2016 not to proceed with Red Leaf Resources Inc.'s ("Red Leaf") Early Production System, the Company sought to identify other technologies and processes for unlocking the potential of its oil shale assets. This resulted in the Company identifying a multi-million dollar programme, which was conducted during the early 1980's through the collaboration of Badger, Raytheon and Texaco, colloquially referred to as the "BART Programme". The purpose of the BART Programme, which was carried out approximately 10 miles from the Company's Holliday Block, was to prove that the use of radio frequencies, applied correctly, could form the foundation of a process to produce oil from oil shale whist having production/operating costs significantly lower than its competitors and with the added benefit of having little or no requirement for water and having minimal environmental impact. Although the programme proved the ability to recovery high quality crude, the programme did not advance due to the falling oil price.

In March 2017, TomCo incorporated a new US company, TurboShale, and entered into agreements with JRT to seek to advance the radio frequency ("RF") technology used in the BART Programme. TurboShale acquired the rights from JRT over patent US7891421B Method and Apparatus for In-Situ Radiofrequency Heating (US Application 62/017/408), and patent application US2015/035433A1 Subsurface Multiple Antenna Radiation Technology (SMART), which are the two key patents relating to TurboShale's RF technology and process. The patent application were granted in full in January 2019.

During 2018, the Company commenced preparatory work for the field test programme on its Holliday Block to seek to demonstrate that TurboShale's RF technology could be used to recover oil and gas on an economic basis, with the ultimate goal of moving towards commercial production of its oil shale assets. Following preliminary site work toward the end of the Company's financial year, the Field Test commenced after the financial year end. The Field Test programme was suspended in November 2018 with the onset of winter, as the Company was unable to complete necessary upgrades to the equipment at site to address the influx of water being experienced within the wells. Following completion of the recent placing, the Company plans to complete the Field Test during 2019, with the mobilisation for the Field Test beginning in mid-2019, with the test scheduled to be concluded in late Q3/early Q4 2019.

The Directors have identified the following main risks in relation to the Field Test and TurboShale's RF Technology:

- Notwithstanding the successful outcome of the BART Programme, the Company will seek to demonstrate that TurboShale's RF technology can be used to recover oil and gas on an economic basis with the ultimate goal of moving towards commercial production of the Company's oil shale assets. The Field Test, to be completed in 2019, represents an important step in this process. The primary objective of the Field Test is the recovery of oil from the Company's Holliday A Block through the application of TurboShale's RF technology. Assuming a successful test, the Company will have recovered sufficient oil to undertake analysis to confirm the quality and potential recovery rates using TurboShale's RF technology. Notwithstanding the Board's confidence in the TurboShale's technology proving successful, we have yet to prove it on our asset. Accordingly, there can be no certainty that the Field Test will be successful and/or recover any oil. Even if it does recover oil, it may not recover sufficient volumes to be able to compete the necessary analysis and/or such analysis may determine that the process is not commercial or scalable.

- The Group has been advancing the development of TurboShale's RF technology and has made a significant investment in acquiring specialised equipment, including radio frequency transmitters. However, changes may be required to the equipment or further equipment might be needed to be able to complete the Field Test. Whilst the Company has sufficient funds to complete the Field Test programme in 2019, if any of the above were to occur this may result in a delay to the Field Test and/or the costs of the Field Test to increase over and above the Board's current expectations and as a result, the Group may need to raise further funding earlier than currently anticipated and there can be no certainty that such funding will be available or to the terms of such funding.
- This RF process does not use surface mining and instead works in-situ, through the use of Radio Frequency Antennas located within drilled boreholes. Accordingly, whilst the Group's Holliday Block has been granted all the necessary permits required in using Red Leaf's EcoShale™ technology, including a Large Mining Operating permit ("LMO"), switching to TurboShale's technology will likely require its LMO to be downgraded to either a Small Mining Operating permit ("SMO") or to a simple Oil Mining permit. The Company has not yet engaged in detailed discussed with the relevant regulatory authorities regarding this matter. The Directors though are confident that this will not present any material issues, nor will it receive any objections, particularly as the permissions being sought would be less exacting than the permissions already held by the Group.

Risks relating to Environmental, health and safety and other regulatory standards

The Group's future extraction activities are subject to various federal and state laws and regulations relating to the protection of the environment including the obtaining of appropriate permits and approvals by relevant environmental authorities. Such regulations typically cover a wide variety of matters including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations and worker safety. Furthermore, the future introduction or enactment of new laws, guidelines and regulations could serve to limit or curtail the growth and development of the Group's business or have an otherwise negative impact on its operations. The Group ensures it complies with the relevant laws and regulations in force in the jurisdictions in which it operates.

Liquidity and interest rate risks

The Group is ultimately dependent on sources of equity or debt funding to develop TurboShale and in turn its exploration assets and meet its day to day capital commitments. Cash forecasts identifying the liquidity requirements of the Group are produced frequently and are reviewed regularly by management and the Board. This strategy will continually be reviewed in the light of developments with existing projects and new project opportunities as they arise. For further information regarding the Group's cash resources and future funding requirements, refer to the 'Going Concern' section below.

Currency risk

Due to the limited income and expenses denominated in foreign currencies, it was not considered cost effective to manage transactional currency exposure on an active basis. However, as the financial statements are reported in sterling, any movements in the exchange rate of foreign currencies against sterling may affect the Group's statements of comprehensive income and financial position. The Group holds some cash in US dollars to mitigate the foreign exchange risk and keeps its currency profile under review.

Financial instruments

At 30 September 2018, the Group held an investment in Red Leaf which had been fully impaired in prior periods. This investment was sold in October 2018 for US$133,333. It is carried in the 2018 financial statements at its sterling equivalent at 30 September 2018 of £102,375. Further details can be found in Note 10.

It was not considered an appropriate policy for the Group to enter any hedging activities or trade in any financial instruments. Further information can be found in Note 19.

RESULTS AND DIVIDENDS

The statement of comprehensive income is set out on page 18 The Directors do not propose the payment of a dividend (*2017: £nil*).

REVIEW OF THE KEY EVENTS DURING THE YEAR

TurboShale Inc.

In March 2017, TomCo incorporated a new US company TurboShale, and entered into agreements with JRT in which JRT became minority holders of the equity in TurboShale. TurboShale acquired the rights from JRT over two patents US7891421B Method and Apparatus for In-Situ Radiofrequency Heating (US Application 62/017/408), and the patent application US2015/035433A1 Subsurface Multiple Antenna Radiation Technology (SMART) which are the two key patents relating to TurboShale's technology and process. The patent applications were granted in full in January 2019.

As announced on 11 April 2018 the Company, Venture Development Partners Ltd ("VDP") and TurboShale entered into a settlement agreement whereby VDP agreed to the cancellation of its 62,500 vested common shares in TurboShale, which were issued to it pursuant to both the framework agreement and the marketing agreement, along with all other unvested shares in TurboShale. As a result, TomCo increased its interest in TurboShale from 66.77% to 80%. Consideration was in the form of warrants to purchase 100,000 ordinary shares in TomCo with an exercise price of £0.10. These warrants expire in April 2020.

Financing

During the financial year, TomCo carried out two placings of a total of 33 million new ordinary shares, which raised a total of £1.25 million before costs. The proceeds were used for the advancement of the TurboShale field test and for general working capital. In addition, unsecured loans of, in aggregate, £250,000 were provided by Christopher Brown, repayable by March 2019.The loans were settled in January 2019 by an issue of 5 million new ordinary shares at 2p per share and £150,000 in cash.

Since the end of the financial year there have been further placings of 27.5 million shares, raising £550,000 (gross), 1,176,471 further new shares issued for subscription, raising £100,000 (gross) and 21,818,182 further new shares raising £600,000 (gross). In addition, TomCo sold its entire interest in Red Leaf for a total consideration of US$133,333.

As at 28 March 2019, the Group had cash of approximately £740,000 and cash flow forecasts indicate that the Group has sufficient funds to complete the Field Test and through to the end of October 2019 as detailed below under Going Concern and in Note 1.1 to the financial statements.

Directors

Directors who served on the Board during the year to 30 September 2018 and to date were as follows:

Andrew Jones

Christopher Brown (*resigned 1 February 2018*)

John Potter (*appointed 1 February 2018*)

Alexander Benger

Malcolm Groat

Laurence Read (*appointed 1 January 2019*)

Directors' report

Directors' interests in the ordinary shares of the Company, including family interests, as at 30 September 2018 were as follows:

	30 September 2018			30 September 2017	
	Ordinary shares of Nil par value	**Share warrants**	**Share options**	Ordinary shares of nil par value	Share warrants
C Brown*	**4,137,486**	**-**	-	194,286	857,143
A Jones	**38,146**	-	**2,666,666**	-	-
J Potter	**26,500**	-	**1,714,285**	-	-
A Benger	**18,293**	-	**380,952**	-	-
M. Groat	**-**	-	**380,952**	-	-
	4,220,425	-	**5,142,855**	194,286	857,143

Details of remuneration, share warrants and share options can be found in the Remuneration Committee Report, Note 6, Note 17 and Note 18 to the financial statements.

** Mr. Brown was also the life tenant and settlor of the BBCK Family Trust in Jersey, and therefore an indirect beneficiary of Kenglo One Ltd, a Jersey-based company. During the year, Mr Brown acquired 3,943,200 ordinary shares at a price of 3.875 pence per ordinary share from Kenglo One Ltd. As a result of the acquisition, Mr Brown was, at 30 September 2018, directly interested in 6.67% of the issued share capital of the Company. Mr Brown also resigned as a Director on 1 February 2018. After 30 September 2018, Mr Brown acquired a further 5.0 million shares in consideration for the conversion of £100,000 of his loan outstanding to the Company.*

Payments of payables

The Group's policy is to negotiate payment terms with its suppliers in all sectors to ensure that they know the terms on which payment will take place when the business is agreed and to abide by those terms of payment.

Going Concern

Since the end of the financial year there have been further placings of, in aggregate, 49.3 million shares, raising £1.15 million gross of expenses and 1,176,471 further new shares issued for subscription, raising £100,000. In addition, TomCo sold its entire interest in Red Leaf for a total consideration of US$133,333. As at 28 March 2019, the Group had cash of approximately £740,000.

The Company recently completed a placing which raised £600,000 (gross) and demonstrated shareholder support for the Group's plans. The Directors have prepared cash flow forecasts for the next 12 months from the date of signing of these financial statements. Under the forecasts, the Group plans to complete the Field Test in 2019 and, subject to a successful test, the Company will have recovered sufficient oil to undertake analysis to confirm the quality and potential recovery rates using TurboShale's RF technology. This represents an important step towards establishing the future commerciality of the Group's oil shale leases and building shareholder value. The forecasts indicate that the Group will have sufficient funds to complete the Field Test, though it will need to raise further funding during October 2019 in order to meet its liabilities and commitments as they fall due for the next 12 months.

The Directors remain confident that they can secure the requisite additional funding, based on recent fundraisings and their expectations of the progression of TurboShale's RF technology, which would provide sufficient funds to meet operating expenditure for the next 12 months. The Board believes that, assuming a positive outcome from the Field Test in 2019, the Group will be able to target various alternative sources of funding and will actively explore all potential funding options. However, these conditions are necessarily considered to represent a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. Whilst acknowledging this material uncertainty, the Directors remain confident of raising the additional funds required and therefore the Directors consider it appropriate to prepare the financial statements on a going concern basis. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Directors' responsibilities

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the requirements of the Isle of Man Companies Act 2006. They are also responsible for safeguarding the assets of the Group and for taking steps for the prevention and detection of fraud and other irregularities.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board. 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 of the profit or loss of the Group for that year. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the AIM market. In preparing these financial statements, the Directors are required to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- state that the Group has complied with IFRS, subject to any material departures disclosed and explained in the financial statements.

The Directors confirm that they have complied with these requirements, and, having a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing the financial statements.

Auditors

All the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board

John Potter
CEO
28 March 2019

CORPORATE GOVERNANCE STATEMENT

As Chairman I am pleased to present the Company's first Governance Statement under the QCA Corporate Governance Code ("the QCA Code" or the "Code"). Establishing effective corporate governance structures that evolve with the business and protect shareholder value is a key element of my role, together with the Board as a whole. Set out below are details of the Company's governance framework benchmarked against the QCA Code principles.

The Board of Directors of TomCo Energy ("TomCo" or "the Company") monitors the business affairs of the Company on behalf of its shareholders. The Board currently consists of the Executive Chairman, Chief Executive Officer and three Non-Executive Directors. None of the Non-Executive Directors has held an executive position with the Company in the past. The Directors have responsibility for the overall corporate governance of the Company and recognise the need for the highest standards of behaviour and accountability. The Directors are committed to the principles underlying best practice in corporate governance and have adopted the QCA Corporate Governance Code ("the QCA Code" or the "Code").

This statement explains, at a high level, how the QCA Code is applied by the Company and how its application supports the Company's medium to long-term success. Further information on the application of the Code can be found on the Company's website at https://tomcoenergy.com/investors/governance/.

The Board is responsible for the stewardship of the Company through consultation with the management of the Company. Management represents the Executive Directors. Any responsibility that is not delegated to management or to the committees of the Board remains with the Board, subject to the powers of the shareholder meetings. The frequency of Board meetings, as well as the nature of agenda items, varies depending on the state of the Company's affairs and in light of opportunities or risks which the Company faces. Members of the Board are in frequent contact with one another and meetings of the Board are held as deemed necessary.

Statement of compliance with the QCA Code

Throughout the year ended 30 September 2018, the Company has been in compliance with the provisions set out in the QCA Code.

Statement about applying the principles of the Code

The Company has applied the principles set out in the Code, by complying with the Code as reported above. Further explanations of how the principles have been applied is set out below.

Principle One – Business Model and Strategy

TomCo is an oil shale exploration and development company focused on using innovative technology to unlock hydrocarbon resources, initially in Utah, USA.

Its objective is to become the leading development company in the use of radio frequency ("RF") technology in the extraction of oil & gas from oil shale and to commercialise its current oil shale assets.

The Company believes that the RF technology, held through TurboShale in which the Company has an 80% interest, will benefit from being economically attractive, carrying significant lower costs than other methods of retorting and will be environmentally benign. The Company believes this will prove to be a disruptive technology and one with the potential to unlock TomCo's oil shale assets. Details of key operational and strategic risks that impact the delivery of the future strategy are set out in the Directors' Report together with mitigating actions.

Principle Two – Understanding Shareholder Needs and Expectations

The Board is committed to maintaining good communications and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its private shareholders and has taken on board suggestions for a more proactive communications strategy. Shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company and management.

All shareholders are encouraged to attend and participate in all shareholder meetings called by the Company, in particular its Annual General Meeting (AGM). Investors also have access to current information on the Company and the Group through its website, www.tomcoenergy.com.

Principle Three – Considering wider stakeholder and social responsibilities

The Board recognises that the long-term success of the Group is reliant upon the efforts of the employees of the Group, its partners, consultants, contractors, suppliers, regulators and other stakeholders. The Board have put in place a range of processes and systems to ensure that there is close oversight and contact with its key stakeholders.

The Group is subject to oversight by a number of different U.S. State and other regulatory bodies, who directly or indirectly are involved with the permitting and approval process of its Oil & Gas operations in Utah. Additionally, given the nature of the Group's business, there are other parties who, whilst not having regulatory power, nonetheless have interest in seeing that the Group conducts its operations in a safe, environmentally responsible, ethical and conscientious manner.

The Group makes all reasonable efforts, directly or through its advisers, to engage in and maintain active dialogue with each of these governmental and non-governmental bodies, to ensure that any issues faced by the Group, including but not limited to regulations or proposed changes to regulations, are well understood and ensuring to the fullest extent possible that the Group is in compliance with all appropriate regulation, standards and specific licensing obligations, including environmental, social and safety, at all times.

Principle Four – Risk Management

In addition to its other roles and responsibilities, the Board is responsible for ensuring that procedures are in place and are being implemented effectively to identify, evaluate and manage the significant risks faced by the Group.

As a result of the process described above, a number of risks have been identified. The principal risks and the manner in which the Company and its Board seek to mitigate these are set out below. The Board reviews the principal risks facing the business as part of its meetings through the year and changes to those risks as the Company develops. Where risks change or new risks are identified the Board implements risk management strategies as applicable.

Risk	**Comment**	**Mitigation**
Operational risks	See Directors Report.	The Company is reducing its reliance on one recovery method with the development of TurboShale and its RF technology. The Company has engaged with established contractors to carry out the various elements of the project. The Board carefully monitors performance and the results of work being carried out on an ongoing basis.
Risks related to Environmental, health and safety and other regulatory standards	See Directors Report.	The Company has employed leading advisors to assist it in securing any relevant permits or licences to operate. The Company maintains ongoing oversight of health & safety and environmental compliance.
Liquidity risk.	See Directors' Report including 'Going Concern section.	The Company maintains a detailed cashflow forecast and carefully monitors expenditure and will seek to raise additional funding as referred to in Note 1.1.
Currency risk	See Directors Report.	The Company aims to manage currency exposures by holding funds in the applicable currency to match anticipated expenditure.

The Board consider that an internal audit function is not necessary or practical due to the size of the Group and the close day to day control exercised by the Executive Directors. However, the Board will continue to monitor the need for an internal audit function. The Executive Directors have established appropriate reporting and control mechanisms to ensure the effectiveness of the Group's control systems for the size of the business and its activities. The Board obtains regular updates on risks from the Executive Directors which allows it to monitor the effectiveness of risk management and through its regular engagement and review of reporting on areas such as status of the Company's projects, budgets, results and cash flow position of the Company it considers the effectiveness of controls on an ongoing basis.

Principle Five – A Well-Functioning Board of Directors

The Board currently comprises the Executive Chairman, Andrew Jones, Chief Executive, John Potter, and three independent Non-Executive Directors, Alexander Benger, Malcolm Groat and Laurence Read.

Biographies for each of the current Directors are set out on the Company's website. Executive and Non-Executive Directors are subject to re-election usually at the Company's Annual General Meeting, at intervals of no more than three years.

The Board meets on a regular basis, typically at least once a month.

The Board is responsible for formulating, reviewing and approving the Group's strategy, budgets and corporate actions. As such, the Company has established separate Audit, and Remuneration Committees.

The Audit Committee comprises Malcolm Groat (Chairman) and Alexander Benger . The Audit Committee meets at least twice a year to consider the integrity of the financial statements of the Company, including its annual and interim accounts; the effectiveness of the Company's internal controls and risk management systems; auditor reports; and terms of appointment and remuneration for the auditor.

The Company's Remuneration Committee comprises Alexander Benger (Chairman) and Malcolm Groat . The Remuneration Committee meets from time to time, but not less than once a year, to review and determine, amongst other matters, the remuneration of Executives on the Board and any share incentive plans of the Company.

The QCA Code recommends that the Chair must have adequate separation from the day-to-day business to be able to make independent decisions. Currently Andrew Jones is the Company's Executive Chair. As the Board is comprised of only five members, two of whom are Executive and three of whom are independent Non-Executive Directors, the Directors are of the view that given the current size and stage of development of the Company it would not be appropriate to have a Non-Executive Chair as well. For the same reason the Board has not appointed a senior independent director.

The Chairman and Chief Executive are full time employees of the Company whilst each of the Non-Executive Directors are considered to be part time, they are expected to provide as much time to the Company as is required.

The attendance record of the Directors at Board and committee meetings held during the year ended 30 September 2018 was as follows:

	Main Board	Audit Committee	Remuneration Committee
Meetings held	**9**	**2**	**2**
Attendance:			
Andrew Jones	9		
John Potter (appointed 1 February 2018)	6		
Alex Benger	8	2	2
Malcom Groat	9	2	2
Chris Brown (resigned 1 February 2018)	1		

Laurence Read was appointed after the end of the financial year.

Principle Six – Appropriate Skills and Experience of the Directors

The Company believes that the current balance of skills in the Board as a whole, reflects a very broad range of commercial and professional skills across geographies and industries and each of the Directors has previous experience in public markets.

The Company has an established and stable Board which it considers to be well suited to its fundamental objective of enhancing and preserving long-term shareholder value and ensuring that the Group conducts its business in an ethical and safe manner. The Board is considered to be of sufficient number to provide more than adequate experience and perspective to its decision-making process and given the size and nature of the Group, the Board does not consider at this time that it is appropriate to increase the size of the Board or amend its composition.

As the Board is not currently anticipating any change to its size or composition, it has not yet implemented a written policy regarding the identification and nomination of female directors. In the event that one of the existing members of the Board stands down from their current position, the Company will, at that time, give further consideration to the specific selection of a female member of the Board and the adoption of a formal policy relating to the positive appointment of additional female members of the Board for future opportunities.

The Board is responsible for: (a) ensuring that all new Directors receive a comprehensive orientation, that they fully understand the role of the Board and its committees, as well as the contribution individual directors are expected to make (including the commitment of time and resources that the Company expects from its directors) and that they understand the nature and operation of the Group's business; and (b) providing continuing education opportunities for all directors, so that individuals may maintain or enhance their skills and abilities as directors, as well as to ensure that their knowledge and understanding of the Group's business remains current.

Given the size of the Company and the in-depth experience of its Directors, the Company has not deemed it necessary to develop a formal process of orientation for new Directors but encourages all its Directors to visit the Group's operations to ensure familiarity and proper understanding.

Skills & Experience of Board Members

Andrew Jones

Andrew has over 13 years' experience in capital markets and corporate finance. He is a member of the UK's Chartered Institute of Securities and Investment (CISI). Before joining TomCo, Andrew was instrumental in growing a number of companies in a variety of sectors including technology, media and energy. Andrew was appointed to the Board in July 2015.

John Potter

Accomplished Chief Executive and project manager with many years' experience working within the energy sector. John brings a wide range of skills, knowledge and industry connections. John's proficiencies in understanding and identifying best technologies in projects and his proven abilities in developing relationships with stakeholders, including operators, politicians, financiers, technology providers, regulators and so on, are well proven and have brought great value to the companies he has previously worked with.

Alexander Benger

Small-cap sector focused Corporate Financier. Initially having focused on Operational Management within financial services companies, Alex moved into corporate finance in 2003 and has been involved in numerous fundraising, stock market flotations and corporate actions for both private and public companies. For 12 years he has concentrated predominately on London small-cap businesses, including four and a half years working for SME Stock Exchanges.

Malcolm Groat

Malcolm is a Chartered Accountant and has a wide range of experience in corporate life, with roles as Chairman, Non-Executive Director, Chair of Audit, CEO, COO and CFO for a number of companies. He is an adviser on compliance and governance, strategy and operational improvement, and managing the risks of rapid change.

Laurence Read

Laurence brings over 19 years of experience to the Board having worked with numerous hydrocarbon and mining companies on corporate development, cross border transactions including sales and mergers, IPOs and capital markets compliance. Within the hydrocarbon sectors, Mr Read has been involved in both exploration and operating projects located in the FSU, USA, Europa, North Western Australia, Africa and PNG. In addition to oil field development, he has worked in processed fuels and the commercial development of gas fields. Currently, Mr Read is CEO of Bezant Resources, an executive director of Europa Metals, senior partner of Mowbrai Ltd and a non-executive director of Capital Metals. Within the publicly quoted company arena, Mr Read has corporate experience working within the regulatory frameworks of the UK exchanges, TSX, TSX-V JSE, ASX, Oslo and Hong Kong.

Principle Seven – Evaluation of Board Performance

The Board has determined that it shall be responsible for assessing the effectiveness and contributions of the Board as a whole, its committees (which currently comprise the Audit Committee, the Remuneration Committee and the Nomination Committee). The small size of the Board allows for open discussion. The Chairman has regular dialogue with the Chief Executive whereby the Board's role and effectiveness can be considered.

No formal assessments have been prepared in the year. However, the Board assesses its effectiveness on an ongoing basis. The Board will keep this matter under review and especially if either the size of the Board or the number of committees increases, which in turn may require a more formalised assessment and evaluation process to be established to ensure continued effectiveness.

Corporate Governance Statement

Principle Eight – Corporate Culture

The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Group as a whole and that this will impact the performance of the Group. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Group as a whole. The corporate governance arrangements that the Board has adopted are designed to ensure that the Group delivers long-term value to its shareholders and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board.

A large part of the Group's activities is centred upon what needs to be an open and respectful dialogue with partners, suppliers, consultants and other stakeholders. Therefore, the importance of sound ethical values and behaviour is crucial to the ability of the Group to successfully achieve its corporate objectives.

The Directors consider that at present the Group has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge.

Principle Nine – Maintenance of Governance Structures and Processes

Ultimate authority for all aspects of the Group's activities rests with the Board, with the responsibilities of the Executive Directors arising as a consequence of delegation by the Board.

The Board has adopted appropriate delegations of authority which set out matters which are reserved to the Board. The Chairman is responsible for the effectiveness of the Board and compliance with the Code, while management of the Group's business and primary contact with shareholders has been delegated by the Board to the Chief Executive Officer.

Non-Executive Directors

The Board evaluates its performance and composition on a regular basis and will make adjustments as and when indicated. When assessing the independence of each Non-Executive Director, length of service is one of the considerations. The Board will, when assessing new appointments in the future, consider the need to balance the experience and knowledge that each independent director has of the Group and its operations, with the need to ensure that independent directors can also bring new perspectives to the business.

In accordance with the Isle of Man Companies Act 2006, the Board complies with: a duty to act within their powers; a duty to promote the success of the Company; a duty to exercise independent judgement; a duty to exercise reasonable care, skill and diligence; a duty to avoid conflicts of interest; a duty not to accept benefits from third parties and a duty to declare any interest in a proposed transaction or arrangement.

Principle Ten – Shareholder Communication

The Board is accountable to the Company's shareholders and as such it is important for the Board to appreciate the aspirations of the shareholders and equally that the shareholders understand how the actions of the Board and short-term financial performance relate to the achievement of the Group's longer-term goals.

The Board reports to the shareholders on its stewardship of the Group through the publication of interim and final financial results. The Company announces significant developments which are disseminated via various outlets including, before anywhere else, RNS. In addition, the Company maintains a website (www.tomcoenergy.com) on which RNS announcements, press releases, corporate presentations and the Report and Financial Statements are available to view.

Enquiries from individual shareholders on matters relating to the business of the Group are welcomed. Shareholders and other interested parties can subscribe to receive notification of news updates and other documents from the Company via email.

The Annual General Meeting, and other meetings of shareholders that may be called by the Company from time to time, provide an opportunity for communication with all shareholders and the Board encourages the shareholders to attend and welcomes their participation. The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its private shareholders.

Andrew Jones
Chairman, 28 March 2019

AUDIT COMMITTEE REPORT

Overview

The Committee met twice during the year. The external auditor also attended the meetings at the invitation of the Committee Chairman.

Malcolm Groat was appointed chairman of the Committee by the Board, with the other Committee member being Alex Benger

Financial Reporting

The Committee monitored the integrity of the interim and annual financial statements and reviewed the significant financial reporting issues and accounting policies and disclosures in the financial reports. The external auditor attended the Committee meetings as part of the full year and interim accounts approval process. The process included the consideration of reports from the external auditor identifying the primary areas of accounting judgements and key audit risks identified as being significant to the 2018 accounts.

Audit Committee Effectiveness

The Board considers the effectiveness of the Committee on a regular basis but not as formal process.

External Audit

The Committee is responsible for managing the relationship with the Company's external auditor, BDO LLP.

The objectivity and independence of the external auditors is safeguarded by reviewing the auditors' formal declarations, monitoring relationships between key audit staff and the Group and reviewing the non-audit fees payable to the auditor. Non-audit services are not performed by the auditor. During the year, audit fees were paid to BDO LLP of £31,000 (*2017: £29,000*).

Internal Audit

The Committee considered the requirement for an internal audit function. The Committee considered the size of the Group, its current activities and the close involvement of senior management. Following the Committee's review, it did not deem it necessary to operate an internal audit function during the year.

Malcolm Groat
Chairman, Audit Committee
28 March 2019

REMUNERATION COMMITTEE REPORT

Introduction

This report is on the activities of the remuneration committee for the ended 30 September 2018.

The Remuneration Committee comprises Alexander Benger (Chairman) and Malcolm Groat. The Remuneration Committee meets from time to time, but not less than once a year, to review and determine, amongst other matters, the remuneration of Executives on the Board and any share incentive plans of the Company.

The Group has no employees other than the Directors, whose emoluments comprise fees paid for services. The amounts for their services are detailed below:

	Salaries 2018 £'000	Salaries 2017 £'000
A Jones	**73**	63
J Potter *(Appointed 1 February 2018)*	**38**	-
A Benger	**16**	12
M Groat	**16**	6.5

As detailed in Note 18, the Company has implemented a share option scheme for its Directors during the year ended 30 September 2018. The Directors' Report provides further details.

The Committee met twice during the year. The award of share options to the Executive Directors was also considered and ratified by the Committee prior to their grant in August 2018.

Alex Benger
Chairman, Remuneration Committee
28 March 2019

Independent auditor's report to the members of TomCo Energy Plc

Opinion

We have audited the financial statements of TomCo Energy Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2018 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity and the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

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

In our opinion:

- the financial statements give a true and fair view of the state of the Group's affairs as at 30 September 2018 and of the Group's loss for the year then ended; and
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union.

Basis for opinion

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

Material uncertainty in relation to going concern

We draw attention to the disclosures made in note 1.1 to the financial statements concerning the Group's ability to continue as a going concern. The Group's cash flow forecasts indicate that it will have sufficient funds to complete the Field Test but that it will need to raise further funds during October 2019 to enable it to meet its liabilities as they fall due beyond this date and continue as a going concern. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

We identified going concern as a key audit matter based on our assessment of the significance of the risk and the effect on our audit strategy.

Our audit procedures in response to this key audit matter included the following:

- We reviewed the latest cash flow forecasts for the Group which covered the 12 months from the date of approval of these financial statements. This included assessment of the cash outflows against historical data and publically stated plans for the forthcoming field test.
- We verified receipt of the proceeds of equity placings post year end and confirmed the repayment and settlement of loans to supporting evidence.
- We discussed with the Directors how they intend to raise the funds necessary for the Group to continue as a going concern in the required timeframe and considered their judgment in light of the Group's previous fundraisings and independent expert Resource Statement obtained in March 2019 which provided an updated best estimate contingent and prospective resource in respect of the Group's oil shale leases.
- We checked the disclosures in note 1.1 to the financial statements against the requirements of the relevant underlying framework to satisfy ourselves that the disclosure was appropriate.

Key audit matters

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

Carrying value of intangible assets:

As detailed in notes 1.1 and 8 to the financial statements, as well as the accounting policies at note 1.9, the Group holds significant intangible assets, primarily the exploration and development license costs, which the Directors are required to assess for indicators of impairment at each reporting date. The impairment indicator assessment requires the Directors to exercise significant judgment and therefore represents a significant focus area for our audit, together with the disclosures in the financial statements.

How we addressed the key audit matter:

- We reviewed the licence documentation to check that the licences remain valid, as well as to confirm the dates of expiry and licence obligations.
- We evaluated management's impairment indicator review. Our evaluation included the following procedures: a) we reviewed the licence agreements to confirm that the Group holds valid licences until 2024 and considered the appropriateness of management's judgment that the licence can be converted from a large mining operation to a small mining operation if necessary in the future; b) we reviewed the Competent Person's report as part of the Group's assessment of the oil resource and considered management's judgment that it supported the continued prospectivity of the licence area; c) we performed procedures to assess the independence and competence of the Competent Person as a management expert; and d) we made specific inquiries of management and reviewed market announcements, budgets and plans which demonstrated that the Group plans continued investment in its TurboShale technology and subsequently development of the Holliday Block, subject to sufficient funding being available.
- We considered the Group's progress and future plans regarding technologies that are necessary for commercial extraction of the Holliday Block resources. We made inquiries of Management, assessed the Group's plans and reviewed the patents extended during the period and assessed the Board's conclusion that there are no current indicators of impairment under IFRS 6.
- We checked the disclosures in note 1.1 and 8 against the requirements of the relevant underlying framework to satisfy ourselves that the policies, judgments and estimates were adequately disclosed.

Our findings

We found Management's assessment that there were no indicators of impairment in respect of its exploration and development costs at the reporting date to be acceptable. We found the disclosures in the financial statements to be consistent with relevant accounting standards.

Our application of materiality

The Group materiality level for the audit of the 2018 consolidated financial statements was set at a threshold of £135,000 (*2017 - £150,000*). Materiality was calculated as 1.5% of total assets. We consider total assets to be the most significant determinant of the Group's financial performance used by shareholders.

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. We set performance materiality at £75,000 for significant components forming part of the Group audit.

We agreed with the audit committee that we would report all individual audit differences identified during the course of our audit in excess of £2,700 (*2017 - £8,000*). We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

There were no misstatements identified during the course of our audit that were individually, or in aggregate, considered to be material in terms of their absolute monetary value or on qualitative grounds.

An overview of the scope of our audit

Our group audit scope focused on the group's principle operating locations, being the United Kingdom and USA. We determined there to be two significant components, for which we carried out full scope audits. Whilst materiality was set for the Group financial statements (as discussed above), individual component materiality was applied to each entity within the group. All of the audits were conducted by BDO LLP.

Three non-significant components were identified. These components were subject to analytical review procedures.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 7, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with our engagement letter dated 5 November 2018. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ryan Ferguson (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, United Kingdom
28 March 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of comprehensive income

for the financial year ended 30 September 2018

	Note		**2018**		2017
			£'000		£'000
Revenue	2		**-**		-
Cost of sales	2		**-**		-
Gross loss			**-**		-
Administrative expenses	2		**(857)**		(428)
Operating loss	4		**(857)**		(428)
Finance costs	3		**(12)**		-
Loss on ordinary activities before taxation			**(869)**		(428)
Taxation	5		**-**		-
Loss for the year attributable to:			**(869)**		(428)
Equity shareholders of the parent		**(770)**		(416)	
Non-controlling interests	1.20	**(99)**		(12)	
			(869)		(428)
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations			**227**		-
Items that will not be reclassified subsequently to profit or loss					
Fair value gain on available for sale equity instrument	10		**102**		-
Other comprehensive income for the year attributable to:					
Equity shareholders of the parent		**333**		-	
Non-controlling interests	1.20	**(4)**		-	
Other comprehensive income			**329**		-
Total comprehensive loss attributable to:					
Equity shareholders of the parent		**(437)**		(416)	
Non-controlling interests	1.20	**(103)**		(12)	
Total comprehensive loss			**(540)**		(428)

		2018	2017
		Pence	Pence
Loss per share attributable to the equity shareholders of the parent		**per share**	per share
Basic & diluted loss per share	7	**(1.84)**	(1.75)

The Notes on pages 22 to 37 form part of these financial statements.

Consolidated Statements of Financial Position
as at 30 September 2018

	Note	**Group 2018 £'000**	Group 2017 £'000
Assets			
Non-current assets			
Intangible assets	8	**8,075**	7,650
Property, plant and equipment	9	**313**	-
Other receivables	11	**23**	22
		8,411	7,672
Current assets			
Trade and other receivables	11	**47**	28
Available for sale financial assets	10	**102**	-
Cash and cash equivalents	12	**262**	128
		411	156
TOTAL ASSETS		**8,822**	7,828
Liabilities			
Current liabilities			
Trade and other payables	13	**(504)**	(196)
		(504)	(196)
Net current (liabilities)/ assets		**(93)**	(40)
TOTAL LIABILITIES		**(504)**	(196)
Total net assets		**8,318**	7,632
Shareholders' equity			
Share capital	15	**-**	-
Share premium	16	**26,542**	25,354
Warrant reserve	17	**43**	57
Translation reserve		**223**	-
Retained deficit		**(18,393)**	(17,748)
Equity attributable to owners of the parent		**8,415**	7,663
Non-controlling interests	1.20	**(97)**	(31)
Total equity		**8,318**	7,632

The financial statements were approved and authorised for issue by the Board of Directors on 28 March 2019.

The Notes on pages 22 to 37 form part of these financial statements.

Andrew Jones
Director

Malcolm Groat
Director

Consolidated statements of changes in equity

for the financial year ended 30 September 2018

Group									
		Equity attributable to equity holders of the parent							
	Note	**Share capital**	**Share premium**	**Warrant reserve**	**Translation reserve**	**Retained Deficit**	**Total**	**Non-controlling interest**	**Total Equity**
		£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 1 October 2016		**-**	**25,125**	**57**	**-**	**(17,348)**	**7,834**	**-**	**7,834**
Total comprehensive loss for the year		-	-	-	-	(416)	(416)	(12)	(428)
Issue of shares (net of costs)	15, 16	-	229	-	-	-	229	4	233
Change in non-controlling interest	1.20	-	-	-	-	23	23	(23)	-
Purchase of fractional interests	15, 16				-	(7)	(7)	-	(7)
At 30 September 2017		**-**	**25,354**	**57**	**-**	**(17,748)**	**7,663**	**(31)**	**7,632**
Loss for the year		-	-	-	-	(770)	(770)	(99)	(869)
Comprehensive income for the year					**223**	**110**	333	(4)	329
Total comprehensive loss for the year					**223**	**(660)**	**(437)**	**(103)**	**(540)**
Issue of shares (net of costs)	15, 16	-	1,188		-	-	1,188	-	1,188
Change in non-controlling interest	1.20	-	-	1	-	(37)	(36)	37	1
Expiry of warrants	17	-	-	(15)	-	15	-	-	-
Share-based payment charge	18	-	-	-	-	37	37	-	37
At 30 September 2018		**-**	**26,542**	**43**	**223**	**(18,393)**	**8,415**	**(97)**	**8,318**

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

Reserve	**Descriptions and purpose**
Share capital	Amount subscribed for share capital at nominal value, together with transfers to share premium upon redenomination of the shares to nil par value.
Share premium	Amount subscribed for share capital in excess of nominal value, together with transfers from share capital upon redenomination of the shares to nil par value.
Warrant reserve	Amounts credited to equity in respect of warrants to acquire ordinary shares in the Group.
Retained deficit	Cumulative net gains and losses recognised in the consolidated statement of comprehensive income less transfers to retained deficit on expiry.
Non-controlling interest	Non-controlling interest share of losses of TurboShale Inc., together with adjustments associated with the initial recognition of, and changes in, the non-controlling interest. Refer Note 1.20.

The Notes on pages 22 to 37 form part of these financial statements.

Consolidated statements of cash flows

for the financial year ended 30 September 2018

	Note	**Group 2018 £'000**	Group 2017 £'000
Cash flows from operating activities			
Loss after tax	2	**(869)**	(428)
Adjustments for:			
Finance costs	3	**12**	-
Amortisation		**6**	-
Share based payment charge		**37**	-
(Increase)/decrease in trade and other receivables		**(48)**	9
Increase/(decrease) in trade and other payables		**71**	(36)
Cash used in by operations		**(791)**	(455)
Interest paid		**(12)**	-
Net cash outflow from operating activities		**(803)**	(455)
Cash flows from investing activities			
Investment in intangibles	8	**(204)**	(20)
Purchase of property, plant and equipment	9	**(303)**	-
Net cash used in investing activities		**(507)**	(20)
Cash flows from financing activities			
Issue of shares	15, 16	**1,250**	250
Costs of share issue		**(62)**	(21)
Re-purchase of shares			(7)
Receipt of loan finance		**250**	-
Net cash generated from financing activities		**1,438**	222
Net increase/(decrease) in cash and cash equivalents		**128**	(253)
Cash and cash equivalents at beginning of financial year		**128**	381
Foreign currency translation differences		**6**	-
Cash and cash equivalents at end of financial year		**262**	128

The Notes on pages 22 to 37 form part of these financial statements.

1. Accounting policies

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

1.1 Basis of preparation and going concern

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and International Financial Reporting Interpretations Committee ("IFRIC") interpretations and with those parts of the Isle of Man Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historic cost convention.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Details of the Group's significant accounting judgments are set out in these financial statements and include:

Judgements

- Impairment indicator assessment on intangible assets

  In determining whether indicators of impairment on intangible assets existed judgment was required. The directors have considered the remaining licence term and standing, future plans for exploration, the measured resources within the mineral leases owned by the Company; and the likelihood of commercially viable extraction technology being developed and sufficient funding being available to the Company to develop and exploit such technology. The Board concluded that no impairment indicator existed at 30 September 2018. Refer to Note 8.

Estimates

- Share based payments

  Estimates were required in determining the fair value of share options granted in the year including future share price volatility and the instrument life. Refer to Note 18.

The Group has consistently applied all applicable accounting standards.

Going concern

The Directors have prepared cash flow forecasts for the next 12 months from the date of signing of these financial statements. The forecasts indicate that the Company will have sufficient funds to complete the Field Test, though the Group will needs to raise further funding during October 2019 in order to have sufficient cash to meet its liabilities and commitments as they fall due based on its planned expenditure.

The Directors remain confident that they can secure the requisite additional funding, based on recent fundraisings and the progression of the TurboShale RF technology, which would provide sufficient funds to meet operating expenditure for the next 12 months. The Board believes that, assuming a positive outcome from the Field Test in 2019, the Group will be able to target various alternative sources of funding and will actively explore all potential funding options. However, these conditions are necessarily considered to represent a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. Whilst acknowledging this material uncertainty, the Directors remain confident of raising the additional funds required and therefore the Directors consider it appropriate to prepare the financial statements on a going concern basis. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

1.2 Future changes in accounting standards

The IFRS financial information has been drawn up on the basis of accounting standards, interpretations and amendments effective at the beginning of the accounting period.

There were no new standards, interpretations and amendments to published standards effective in the year which had a significant impact on the Group.

The International Accounting Standards Board (IASB) has issued the following new and revised standards, amendments and interpretations to existing standards that are not effective for the financial year ended 30 September 2018 and have not been adopted early.

		Effective date (periods beginning on or after)
• IFRS 15	Revenue from contracts with customers	1 Jan 2018
• IFRS 9	Financial instruments	1 Jan 2018
• IFRS 16	Leases	1 Jan 2019
• IFRS 2 (amendments)	Classification and measurement of share-based payment transactions	1 Jan 2018
• IFRIC 22	Foreign Currency Transactions and Advanced Consideration	1 Jan 2018
• IFRIC 23	Uncertainty over Income Tax Treatments	1 Jan 2019
• IFRS 9 (amendments)	Prepayment features with negative compensation	1 Jan 2019

IFRS 15 is intended to introduce a single framework for revenue recognition and clarify principles of revenue recognition. This standard modifies the determination of when to recognise revenue and how much revenue to recognise. The core principle is that an entity recognises revenue to depict the transfer of promised goods and services to the customer of an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. At present the Group has no revenues and therefore the standard would not impact the Group.

IFRS 16 introduces a single lease accounting model. This standard requires lessees to account for all leases under a single on- balance sheet model. Under the new standard, a lessee is required to recognise all lease assets and liabilities on the balance sheet; recognise amortisation of leased assets and interest on lease liabilities over the lease term; and separately present the principal amount of cash paid and interest in the cash flow statement. Management is currently reviewing the impact of the standard but do not anticipate it having a material effect given the absence of operating leases.

IFRS 9 “Financial instruments” addresses the classification and measurement of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. The Group holds an equity investment in Red Leaf which is currently classified as an available for sale asset. Under IFRS 9 this will be classified as fair value through profit and loss. A fair value gain that would have been recycled to profit and loss under the current accounting policy on disposal will not be recycled under IFRS 9.

In IFRS 9 there is also now a new expected credit loss model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

The Group is currently assessing the impact of these standards.

1.3 Basis of consolidation

The Group accounts consolidate the accounts of the parent company, TomCo Energy plc, and all its subsidiary undertakings drawn up to 30 September 2018. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The acquisition of subsidiaries is accounted for on the purchase basis. A subsidiary is consolidated where the Company has the control over an investee. The Group controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. On acquisition all the subsidiary’s assets and liabilities which existed at the date of acquisition are recorded at their fair values reflecting their condition at the time. If, after re-assessment, the Group’s interest in the net fair value of the identifiable assets liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the statement of comprehensive income.

1.4 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the Board of Directors.

Based on an analysis of risks and returns, the Directors consider that the Group has two principal business segments based on geographical location. The loss before taxation arises principally within the UK and US. Net assets are principally in the UK and the US.

1.5 Revenue

Revenue represents the Group's share of sales of oil during the year, excluding sales tax and royalties. Income arises from the US and is recognised when the oil is delivered to the customer. No revenue has arisen in the current or prior year.

1.6 Finance income

Finance income is accounted for on an effective interest basis.

1.7 Property, plant and equipment

Property, plant and equipment employed in exploration and evaluation activities are carried at cost. No depreciation has been provided on these assets as they had not been brought into use by the end of the financial year. Subsequent depreciation will be capitalised to exploration and development costs.

1.8 Intangible assets

Exploration and development licences
The Group applies the full cost method of accounting for oil and gas operations. For evaluation properties, all mineral leases, permits, acquisition costs, geological and geophysical costs and other direct costs of exploration appraisal, renewals and development are capitalised as intangible fixed assets in appropriate cost pools, with the exception of tangible assets, which are classed as property, plant and equipment . Costs relating to unevaluated properties are held outside the relevant cost pool, and are not amortised until such time as the related property has been fully appraised. When a cost pool reaches an evaluated and bankable feasibility stage, the assets are transferred from intangible to oil properties within property, plant and equipment.

Technology licences
Amortisation is not charged on technology licences associated with oil and gas assets until they are available for use.

Patents and patent applications
Patents and patent applications acquired in consideration for combination of cash and the issue of shares in subsidiary undertakings are recognised at fair value, and amortised over their expected useful lives, which is 12 years being the patent term.

1.9 Impairment

Exploration and development licences
Exploration and development assets are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed the recoverable amount. In accordance with IFRS 6 the Group firstly considers the following facts and circumstances in their assessment of whether the Group's exploration and evaluation assets may be impaired, whether:

- the period for which the Group has the right to explore in a specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in a specific area is neither budgeted nor planned;
- exploration for and evaluation of hydrocarbons in a specific area have not led to the discovery of commercially viable quantities of hydrocarbons and the Group has decided to discontinue such activities in the specific area; and
- sufficient data exists to indicate that although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation assets is unlikely to be recovered in full from successful development or by sale.

If any such facts or circumstances are noted, the Group perform an impairment test in accordance with the provisions of IAS 36. The aggregate carrying value is compared against the expected recoverable amount of the cash generating unit, which is generally the field, except that a number of field interests may be grouped as a single cash generating unit where the cash flows are interdependent. The recoverable amount is the higher of value in use and the fair value less costs to sell.

Any impairment loss would be recognised in the income statement and separately disclosed.

Technology licence
The carrying amount of the Group's other intangible asset, its patents and technology licence, is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement.

1.10 Asset disposals

Proceeds from the disposal of an asset, or part thereof, are taken to the statement of comprehensive income together with the requisite net book value of the asset, or part thereof, being sold.

1.11 Taxation

Taxation expense represents the sum of current tax and deferred tax.

Current tax is based on taxable profits for the financial period using tax rates that have been enacted or substantively enacted by the reporting date. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. If deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for. Deferred tax is determined using tax rates that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversals of the temporary differences is controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

1.12 Foreign currencies

The accounts have been prepared in pounds sterling being the presentational currency of the Group. The functional currency of the holding company is also pounds sterling. The functional currency of the US subsidiaries is US dollars. Assets and liabilities held in the Group or overseas subsidiaries in currencies other than the functional currency are translated into the functional currency at the rate of exchange ruling at the reporting date.

Transactions entered into by Group entities in a currency other than the functional currency of the entity are recorded at the rates ruling when the transactions occur. Exchange differences arising from the settlement of monetary items are included in the statement of comprehensive income for that period.

The assets and liabilities of subsidiaries with functional currencies other than sterling are translated at balance sheet date rates of exchange. Income and expense items are translated at the average rates of exchange for the period. Exchange differences arising are recognised in other comprehensive income (attributed to the parent equity holder and non-controlling interests as appropriate).

1.13 Operating leases

Rentals payable under operating leases, net of lease incentives, are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

1.14 Available-for-sale financial assets

The Group classifies its investments as available-for-sale financial assets.

The available for sale financial assets are carried at fair value when the fair value can be measured reliably with changes in fair value recognised directly in equity within the available-for-sale reserve; exchange differences on available-for-sale financial assets denominated in a foreign currency are recognised in other comprehensive income. If the fair value of available for sale financial assets cannot be reliably measured then they are carried at historic cost. These assets are then assessed for impairment. If there is evidence that an impairment loss has been incurred on an equity instrument that does not have a quoted price in an active market and that is not carried at fair value because its fair value cannot be reliably measured, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Any such impairment is recognised in the profit or loss. Such impairment losses shall not be reversed.

In the event that information exists which subsequently enables an available for sale investment to be reliably fair valued, the asset is measured at fair value with changes in fair value recognised directly in equity within the available-for-sale reserve; exchange differences on available-for-sale financial assets denominated in a foreign currency are recognised in other comprehensive income. Fair value gains on such items are recorded through other comprehensive income.

1.15 Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through types of contractual monetary asset such as receivables. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

1.16 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at the bank and other short term liquid investments with original maturities of three months or less.

1.17 Trade payables

Trade payables are recognised at amortised cost. All of the trade payables are non-interest bearing.

1.18 Share capital

Ordinary shares are classified as equity. Shares issued in the period are recognised at the fair value of the consideration received.

1.19 Warrants

Warrants issued as part of financing transactions in which the holder receives a fixed number of shares on exercise of the warrant are fair valued at the date of grant and recorded within the warrant reserve. Fair value is measured by the use of the Black Scholes model.

1.20 Non-controlling interests

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Group.

Details concerning non-wholly owned subsidiaries of the Group that have material non-controlling interests are as follows:

Name of subsidiary	Proportion of ownership interests and voting rights held by non-controlling interests		Total comprehensive loss allocated to non-controlling interest		Change in non-controlling interest		Accumulated non-controlling interest	
	2018	2017	2018	2017	2018	2017	2018	2017
	%	%	£'000	£'000	£'000	£'000	£'000	£'000
TurboShale Inc	20	33.3	(103)	(12)	37	(23)	(97)	(31)

During the year ended 30 September 2018, certain shares in TurboShale Inc issued to non-controlling interests were cancelled, resulting in an increase in the Company's effective interest from 66.7% to 80%. Given the net deficit of the subsidiary this resulted in a reduced share of the Group's losses attributable to the non-controlling interest in accordance with the Group's accounting policy. The effects of the change in the non-controlling interest are recognised in reserves. Included in total comprehensive loss is £99,000 (2017: £12,000) of losses with the remainder reflecting other comprehensive expense.

1.21 Share-based payments

Equity-settled share-based payments to directors are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions is set out in Note 18.

The fair value determined at the grant date is expensed on a straight line basis over the vesting period or periods, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, 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 expenses reflects the revised estimate, with a corresponding adjustment to equity reserves.

2. Segmental reporting – *Analysis by geographical segment*

The loss before taxation arises within principally the UK and US. Net assets are principally in the UK and US. Based on an analysis of risks and returns, the Directors consider that the Group has two principal business segments based on geography, with the UK primarily representing head office costs of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the Board of Directors. The Directors therefore consider that no further segmentation is appropriate.

Year ended 30 September	**United States 2018 £'000**	**United Kingdom 2018 £'000**	**Eliminations 2018 £'000**	**Total 2018 £'000**	United States 2017 £'000	United Kingdom 2017 £'000	Total 2017 £'000
External revenue	**-**	**-**		**-**	-	-	-
Inter-segment sales		**92**	**(92)**	**-**			
Cost of sales	**-**	**-**		**-**	-	-	-
Gross loss	**-**	**92**	**(92)**	**-**	-	-	-
Impairment	**-**	**-**		**-**	-	-	-
Administrative expenses	**(387)**	**(562)**	**92**	**(857)**	(123)	(305)	(428)
Operating loss	**(387)**	**(470)**	**-**	**(857)**	(123)	(305)	(428)
Financial income	**-**	**-**		**-**	-	-	-
Finance costs	**-**	**(12)**		**(12)**	-	-	-
Total loss	**(387)**	**(482)**		**(869)**	(123)	(305)	(428)
Non-Current assets:							
– Exploration and development assets	**8,047**	**-**		**8,047**	7,627	-	7,627
– Other	**23**	**-**		**23**	22	-	22
– Property, plant and equipment	**313**	**-**		**313**	-	-	-
– Patents	**28**	**-**		**28**	23	-	23
	8,411	**-**		**8,411**	7,672	-	7,672
Current assets:							
Trade and other receivables	**-**	**47**		**47**	-	28	28
Available for sale financial assets	**-**	**102**		**102**	-	-	-
Cash and cash equivalents	**128**	**134**		**262**	7	121	128
Total assets	**8,539**	**283**		**8,822**	7,679	149	7,828
Current liabilities:							
Trade and other payables	**(17)**	**(487)**		**(504)**	(28)	(168)	(196)
Total liabilities	**(17)**	**(487**		**(504)**	(28)	(168)	(196)

3. Finance costs

	2018	2017
	£'000	£'000
Loan note interest (Note 20 & 21)	12	-
Total finance costs for the financial year	**12**	-

4. Operating loss

The following items have been charged in arriving at operating loss:	2018	2017
	£'000	£'000
Auditors' remuneration: audit services	31	29
Rentals payable in respect of land and buildings	6	7

5. Taxation

There is no tax charge in the year due to the loss for the year.

Factors affecting the tax charge:	2018	2017
	£'000	£'000
Loss on ordinary activities before tax	(869)	(428)
Loss on ordinary activities at standard rate of corporation tax in the UK of 19% (2017: 19.5%)	(165)	(83)
Effects of:		
Excess management expenses carried forward	165	83
Tax charge for the financial year	-	-

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantially enacted on 6 September 2016. This will reduce the Group's future current tax charge accordingly in the event of profits.

6. Employees and Directors

The Group has no employees other than the Directors, whose emoluments comprise fees paid for services. The amounts for their services are detailed below:

	Salaries	Salaries
	2018 £'000	2017 £'000
C Brown *(Resigned 1 February 2018)*	-	40
A Jones	73	63
J Potter *(Appointed 1 February 2018)*	38	-
S Corney *(Resigned 23 December 2016)*	-	3
A Benger	16	12
M Groat	16	6.5
Total remuneration	**143**	124.5

7. 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. Reconciliations of the losses and weighted average number of shares used in the calculations are set out below.

Financial year ended 30 September 2018	**Losses £'000**	**Weighted average number of shares**	**Per share Amount Pence**
Basic and Diluted EPS			
Losses attributable to ordinary shareholders on continuing operations	(770)	41,719,121	(1.84)
Total losses attributable to ordinary shareholders	**(770)**	**41,719,121**	**(1.84)**
Financial year ended 30 September 2017			
Basic and Diluted EPS			
Losses attributable to ordinary shareholders on continuing operations	(416)	23,770,053	(1.75)
Total losses attributable to ordinary shareholders	(416)	23,770,053	(1.75)

The warrants and share options which were issued or for which entitlement to warrants was established in the current and prior years (Notes 17 and 18) are anti-dilutive. As these instruments would be anti-dilutive a separate diluted loss per share is not presented.

8. Intangible assets

	Oil & Gas Exploration and development licences £'000	**Oil & Gas Technology licence £'000**	**Oil & Gas Patents and patent applications £'000**	**Oil & Gas Total £'000**
Cost				
At 1 October 2016	**7,627**	**1,314**	**-**	**8,941**
Additions	-	-	24	24
Translation differences	-	-	(1)	(1)
At 30 September 2017	**7,627**	**1,314**	**23**	**8,964**
Additions	**193**	**-**	11	**204**
Translation differences	**227**	**-**	**-**	**227**
At 30 September 2018	**8,047**	**1,314**	**34**	**9,395**
Amortisation/Impairment				
At 1 October 2016	-	1,314	-	1,314
Amortisation	-	-	-	-
At 30 September 2017	-	1,314	-	1,314
Amortisation	-	-	6	6
At 30 September 2018	**-**	**1,314**	**6**	**1,320**
Net book value				
At 30 September 2018	**8,047**	-	**28**	**8,075**
At 30 September 2017	7,627	-	23	7,650
At 30 September 2016	7,627	-	-	7,627

The exploration and development licences comprise two Utah oil shale leases covering approximately 2,919 acres. Independent natural resources consultants SRK Consulting (Australasia) Pty Ltd, part of the internationally recognised SRK Group, has recently reported best estimate Contingent Resources (2C) of, in aggregate, 131.3 MM bbl of oil assessed under Petroleum Resources Management System ("PRMS") guidelines, plus a best estimate Prospective Resource (2U) of, in aggregate, 442.8 MM bbl oil across the Leases. This included the Holliday A Block, where the Field

Test is to be undertaken, with 2C Contingent Resources of 57.3 MM bbl of oil and 2U Prospective Resources of 84.7 MM bbl of oil. The Directors continue to consider the Holliday Block to be prospective and are seeking methods of extracting the shale oil through development of TurboShale's technologies. The claim areas and the Group's interest in them is:

Asset	Per cent Interest	Licence Status	Expiry Date	Licence Area (Acres)
ML 49570	100	Prospect	31/12/2024	1,638.84
ML 49571	100	Prospect	31/12/2024	1,280.00

In performing an assessment of the carrying value of the exploration licences at the reporting date, the Directors concluded that it was not appropriate to book an impairment given the measured resource, the licence term and the continued plans to explore and develop the block, including the new technologies which TurboShale is seeking to develop.

The outcome of ongoing exploration, and therefore whether the carrying value of the exploration licences will ultimately be recovered, is inherently uncertain and is dependent upon successful development of commercially viable extraction technology. If the required additional funding was not to be made available to the Company or commercially viable extraction technologies cannot be developed, the carrying value of the asset might need to be impaired.

During the 2017/2018 financial year, preliminary drilling and other project-related costs were incurred in preparation for the field test to be carried out in 2018/2019.

9. Property, plant and equipment

	Exploration and evaluation equipment Total £'000
Cost at 30 September 2017	**-**
Additions	303
Translation differences	10
At 30 September 2018	**313**
At 30 September 2017	**-**
At 30 September 2016	**-**

10. Available-for-sale financial assets

Cost	**Unlisted Investments £'000**
At 1 October 2016	3,442
Additions	**-**
At 30 September 2017	3,442
Additions	-
At 30 September 2018	3,442
Provisions	
At 1 October 2016	3,442
Impairment	-
At 30 September 2017	3,442
Fair value gain	(102)
At 30 September 2018	3,340
Net book value	
At 30 September 2018	**102**
At 30 September 2017	-
At 30 September 2016	-

During the year to 30 September 2012, the Group invested US$5.0 million (£3.1 million) in Red Leaf (Equity securities US – Red Leaf) at US$1,500 per share as part of a US$100 million raising by Red Leaf in conjunction with the closing of a Joint Venture ("JV") with Total E&P USA Oil Shale, LLC, an affiliate of Total SA.

In previous years the Directors considered that the fair value of the investment could not be reliably measured and so, as permitted by IFRS, the asset was stated at original cost less any provision for impairment and has been fully impaired for a number of years. The investment was realised after the year end for a price of US$133,333 (£102,000 at year end rate). The Directors reviewed all relevant facts and circumstances between 30 September 2018 and the sale date and concluded that the sale price reflected the best estimate of reliable fair value at year end. Accordingly, the asset was held at fair value at 30 September 2018 with the change in fair value recorded in other comprehensive income.

Details of unlisted investments

Name	**Share holding number**	**Percentage holding %**	**Average cost per share**	**Cost £'000**
Equity securities US – Red Leaf	3,333.33	0.43	1,500 dollars	3,262

11. Trade and other receivables

	Group 2018	Group 2017
Current	**£'000**	£'000
Other receivables	**37**	21
Amounts owed from Group	**-**	-
Prepayments and accrued income	**10**	7
	47	28
Non- current		
Other receivables	**23**	22
Amounts owed from Group	**-**	-
Total Receivables	**70**	50

As at 30 September 2018 there were no receivables considered past due (*2017: £Nil*). The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable and cash and cash equivalents as disclosed in Note 19.

All current receivable amounts are due within six months.

12. Cash and cash equivalents

	Group 2018 £'000	Group 2017 £'000
Cash at bank and in hand	**262**	128

The Group earns 0.05% (*2017: 0.05%*) interest on their cash deposits, consequently the Group's exposure to interest rate volatility is not considered material.

13. Trade and other payables

	Group 2018	Group 2017
Current	**£'000**	£'000
Trade payables	**58**	7
Other payables	**10**	56
Loans (Note 21 & 22)	**250**	-
Accruals	**186**	133
	504	196

All current amounts are payable within six months and the Directors considers that the carrying values adequately represent the fair value of all payables. Refer to Note 20 and 21 for terms of the loans.

14. Deferred tax

Unrecognised losses

The Group has tax losses in respect of excess management expenses of approximately £11.1 million (*2017: £10.7 million*) available for offset against future Company income. This gives rise to a potential deferred tax asset at the reporting date of £2.1 million (*2017: £2.14 million*). No deferred tax asset has been recognised in respect of the tax losses carried forward as the recoverability of this benefit is dependent on the future profitability of the Company, the timing of which cannot reasonably be foreseen but the excess management expenses have no expiry date. Subsidiary entities have accumulated losses of approximately £550,000 for which no deferred tax asset is recorded given uncertainty of future profits.

15. Share capital

	Number of shares in issue	**2017 £**
Issued and fully paid at 1 October 2016-shares of no par value	**2,847,189,198**	**-**
June 2017 – consolidation of shares	(2,847,075,311)	**-**
June 2017 – repurchase of shares	(109,600)	**-**
June 2017 – subdivision of shares	22,663,513	**-**
	22,667,800	**-**
July 2017 – placing of new ordinary shares (Note 16)	6,250,000	**-**
At 30 September 2017	**28,917,800**	**-**

	Number of shares in issue	**2018 £**
Issued and fully paid at 1 October 2017-shares of no par value	**28,917,800**	**-**
April 2018 – placing of new ordinary shares (Note 16)	20,000,000	**-**
April 2018 – issue of shares in settlement of professional fees	199,999	**-**
June 2018 – placing of new ordinary shares (Note 16)	13,000,000	**-**
At 30 September 2018	**62,117,799**	**-**

A resolution was passed at the Company's Annual General Meeting in June 2017 to reduce the number of shares in issue and the number of shareholders on the register. Accordingly, existing ordinary shares were consolidated such that each 25,000 shares became 1 share. Fractional entitlements were then repurchased by the Company, and the resulting number of shares were then subdivided such that each consolidated share became 200 ordinary shares.

16. Share premium

	2018 £'000	2017 £'000
At 1 October	**25,354**	25,125
April 2018 – placing at 3 pence per share , amount raised net of costs	**567**	-
April 2018 –issue of shares at 3 pence per share	**6**	-
June 2018-placing at 5 pence per share , amount raised net of costs	**615**	-
July 2017-placing at 4 pence per share , amount raised net of costs	**-**	229
At 30 September	**26,542**	25,354

17. Warrants

At 30 September 2018 the following share warrants were outstanding in respect of ordinary shares:

	2018	**2018**	2017	2017
	number	**Weighted average exercise price Pence**	number	Weighted average exercise price Pence
Outstanding at 1 October	**1,113,200**	**24.8**	119,142,857	0.20
Expired during the year	**(857,200)**	**(21.2)**	-	-
Granted during the year	**100,000**	**10.0**	20,000,000	0.17
Adjustment for consolidation of shares in issue	**-**	**-**	(138,029,657)	25.2
Outstanding at 30 September	**356,000**	**14.0**	1,113,200	24.8
Exercisable at 30 September	**356,000**	**14.0**	1,113,200	24.8

Issue of Warrants

Upon conversion of a loan in 2016, Christopher Brown, the then CEO of the Company, was issued with 1 warrant for every 2 new ordinary shares into which the loan converted giving him the right to acquire new shares at an exercise price of 0.17p (representing a 21.4% premium to the closing mid-price as at 18 May 2016 being the loan note issue date). These warrants had a life of two years and could be exercised from the date of issue. The fair value of £15,000 was recorded in equity and expensed. The number of warrants adjusted to 857,200 and the exercise price adjusted to 21.2p post the share consolidation detailed in Note 15. These warrants expired during the year ended 30 September 2018.

On completion of a placing on 2 October 2014, the Company issued 12,000,000 warrants with an exercise price of 0.5p and a contractual life of 5 years. The exercise price of the warrants adjusted to 6.25p and the number of warrants adjusted to 96,000 post the share consolidation detailed in Note 15.

On 7 October 2016 the Company entered an agreement in which the counterparty was entitled to subscribe for 20,000,000 ordinary shares at 0.17p per share (subsequently consolidated to 160,000 warrants exercisable at 21.25p per share following the share consolidation) for services. The warrant entitlement expired shortly after the year end

In April 2018 the Company issued 100,000 warrants with a life of two years and an exercise price of 10p as part consideration for settlement of its contract with Venture Development Partners Limited concerning a framework agreement relating to TurboShale concluded in 2017. The fair value of these warranted was assessed to be immaterial at approximately £1,000.

Each warrant in issue is governed by the provisions of warrant instruments representing the warrants which have been adopted by the Company. The rights conferred by the warrants are transferable in whole or in part subject to and in accordance with the transfer provisions set out in the Articles. The warrants outstanding at 30 September 2018 had a weighted average exercise price of 14p (*2017: 24.8p*) and a weighted average remaining contractual life of 0.71 years (*2017: 1.1 years*).

The Company intends, following publication of these accounts, to issue 425,500 warrants to an adviser, giving them the right to acquire such number of new ordinary shares at an exercise price of 2.75 pence for a period of two years.

18. Share-based payments

The Company has implemented a share option scheme for its Directors during the year ended 30 September 2018. Options are exercisable at a price equal to the quoted market price of the Company's shares at the date of grant. The vesting period is between four months and 2.3 years. If the options remain unexercised after a period of ten years from the date of grant the options expire. Options are forfeited if the director leaves the Company before the options vest.

Details of the share options issued during the year and outstanding at the year end are as follows:

	2018	**2018**	2017	2017
	number	**Weighted average exercise price Pence**	number	Weighted average exercise price Pence
Outstanding at 1 October	**-**	**-**	-	-
Granted during the year	**5,142,855**	**5.25**	-	-
Outstanding at 30 September	**5,142,855**	**5.25**	-	-
Exercisable at 30 September	**-**	**-**	-	-

Details of the options held by each Director are given in the Directors' Report on page 6.

The inputs into the Black-Scholes model for calculating the estimated fair value of options granted, at their grant date, were as follows:

	2018
Share price (pence)	5.25
Exercise price (pence)	5.25
Expected volatility	98.8%
Risk-free rate	0.82%
Expected period before exercise (years)	3

Expected volatility was determined by calculating the historical volatility of the Company's share price. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The fair value of each option granted during the year was estimated at 3.2 pence at the date of grant. The weighted average unexpired life of the options at 30 September 2018 was 9.83 years.

The charge recognised in profit or loss for 2018 was £37,000 (*2017: nil*).

19. Financial instruments

The Group's financial instruments, other than its investments, comprise cash and items arising directly from its operation such as other receivables, and trade payables.

Management review the Group's exposure to currency risk, interest rate risk, liquidity risk and credit risk on a regular basis and consider that through this review they manage the exposure of the Group. No formal policies have been put in place in order to hedge the Group's activities to the exposure to currency risk or interest risk, however, this is constantly under review.

There is no material difference between the book value and fair value of the Group and Company's cash and other financial assets.

Currency risk

The Group has overseas subsidiaries which operate in the United States and include expenses denominated in US$. Foreign exchange risk is inherent in the Group's activities and is accepted as such. Some of the Group's expenses are denominated in US Dollars. The effect of a 10% strengthening or weakening of the US dollar against sterling at the reporting date on the dollar denominated balances would, all other variables held constant, would result in a gain or loss of approximately £20,000 (*2017: no significant gain or loss*).

Interest rate risk

The Group and Company manage the interest rate risk associated with the Group cash assets by ensuring that interest rates are as favourable as possible, whether this is through investment in floating or fixed interest rate deposits, whilst managing the access the Group requires to the funds for working capital purposes.

The Company's cash and cash equivalents are subject to interest rate exposure due to changes in interest rates. Short-term receivables and payables are not exposed to interest rate risk.

The Company received some short term loan finance during the year, with interest fixed at 8% per annum. These loans were repaid shortly after the year end, so there is no significant exposure to interest rate risk in respect of these loans.

A 1% increase or decrease in the floating rate attributable to the cash balances held at the year end would not result in a significant difference on interest receivable.

Liquidity risk

At the year end the Group and Company had cash balances comprising the following:

	Group	Group
Bank balances	**2018 £'000**	2017 £'000
British Pounds	**134**	121
US Dollars	**128**	7
Total	**262**	128

All financial liabilities of the group mature in less than 12 months: details of the analysis of such liabilities is given in Note 13.

Liquidity risk arises from the Group management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. Refer to Note 1.1 for details of going concern.

The Group policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 90 days.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or a counter party to a financial instrument fails to meet its contractual obligations. The Group is principally exposed to credit risk on cash and cash equivalents with banks and financial institutions. For banks and financial institutions, only independently rated parties with an acceptable rating are utilised.

Capital management policies

In managing its capital, the Group's primary objective is to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, through new share issues or debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

20. Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the cash flow statement as cash flows from financing activities:

	1 October	**Financing cash flows**	**30 September**
Group 2018	**£'000**	**£'000**	£'000
Loans from related parties (Note 21)	**-**	**250**	**250**
Total	**-**	**250**	**250**
Group 2017	**£'000**	**£'000**	£'000
Loans from related parties (Note 21)	**-**	**-**	**-**
Total	**-**	**-**	**-**

Interest accrued of £12,000 (*2017: £Nil*) which was paid in the year.

21. Related party disclosures

The Directors are Key Management and information in respect of key management is given in Note 6.

Transactions between the Group and its subsidiaries and related parties during the year are summarised below:

	2018 **£'000**	2017 £'000
Inter-group receivable outstanding at year end	**1,209**	178

Loans to subsidiary undertakings are on demand, interest-free and unsecured.

The Company charged its subsidiary entities £92,000 for the provision of management services during the year.

Mr Chris Brown, who is directly and indirectly beneficially interested in, in aggregate, 8.98% of the issued share capital of the Company, and was a former director of the Company, provided unsecured loans of, in aggregate, £250,000, applied to general working capital purposes. The loans incurred interest of 8% per annum, payable monthly in arrears. The loans have been repaid since the year end by £150,000 in cash and £100,000 by conversion into 5,000,000 ordinary shares at 2p per share .

22. Ultimate controlling party

As at 30 September 2018 and 30 September 2017 there is no ultimate controlling party

23. Subsequent events

(i) As disclosed in Note 10, in October 2018, TomCo disposed of its entre interest in Red Leaf for US$133,333;

(ii) On 30 October 2018, the Company raised £100,000 through the subscription of 1,176,471 shares at a price of 8.5p per share

(iii) On 14 December 2018, the Company placed a further 27,500,000 shares at a price of 2p per share, raising £550,000 before expenses, and a further placing of 21.8 million shares at a price of 2.75p per share was announced on 20 March 2019;

(iv) As disclosed in Note 21, loans of £250,000 from Chris Brown were settled after in January 2019 by the payment of £150,000 and the issue of 5.0 million new ordinary shares; and

(v) The Oil Mining Company Inc has been assigned a further seven oil leases comprising 12,569 acres. They are estimated to contain over 1.2 billion barrels of potential oil (as measured by the United States Geological Society) based on the projected thickness of the known oil shale zones.

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