JERSEY OIL AND GAS PLC

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2016

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HIGHLIGHTS AND OUTLOOK

FOR THE SIX MONTHS ENDED 30 JUNE 2016

Highlights:

- Farm-out process launched and post period end completed a successful farm-out of an interest in UK Seaward Licence P.2170, Blocks 20/5b and 21/1d to Statoil
    - Statoil will acquire an aggregate 70 per cent. working interest in the P.2170 Licence from the Company and CIECO, and will be appointed the designated operator for a total up-front cash consideration of US$2 million, of which US$1.2 million will be payable to Jersey Oil & Gas
    - JOG retains an 18 per cent. equity interest with well carry
    - Statoil to fund all costs up to US$25 million in respect of the first exploration well to be drilled on the P.2170 Licence (the "Exploration Well"), with any cost over-runs to be satisfied by each party in proportion to their working interests
    - The P.2170 Licence area contains two material medium risk oil prospects identified with unaudited estimated mean in place volumes of 300 and 212 million stock-tank barrels (“Mmstb”) respectively
- Sale and Purchase Agreement (“SPA”) signed with Azinor Catalyst Limited (“Azinor”) for the farm-out of the Group’s 50 per cent. interest in Seaward Production Licence P.1989, Blocks 14/11, 12 & 16.
- Licence P.1610, Block 13/23a ("Liberator"), Licence P.1666, Block 30/11c ("Romeo") and Licence P.1889, Blocks 12/26b & 27 ("Niobe-Kratos") relinquished
- Actively engaged in pursuing ongoing asset/corporate acquisition opportunities with a further pipeline of potential deal flow
- Cash at 30 June 2016 of £0.6m

Outlook:

- JOG, CIECO and Statoil are all working towards obtaining the customary regulatory approvals to complete the farm-out of the P.2170 Licence including, inter alia, the consent of the Secretary of State for Business, Energy and Industrial Strategy (the "Secretary").
- Planning of the Exploration Well on the P.2170 Licence is expected to commence this year, with drilling potentially planned for 2017
- Discussions continue with a major bank, who is keen to support JOG as a possible provider of Reserve Base Lending against acquired production assets that the Company acquires
- The Group continues to work actively on a number of possible acquisition opportunities, which it anticipates will lead to the acquisition of UK producing oil and gas assets in the near future

CHAIRMAN'S STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2016

The first half of this year was characterised by companies operating in the North Sea continuing to adjust to a Brent Crude oil price trading at the upper end of the $30 to $50 per barrel range, being a range well below previous levels of $100+. However, the reduction in oil price volatility since the rapid price decline in 2014/15 has resulted in a number of companies now looking to rationalise, dispose and/or restructure their North Sea asset portfolios, which in turn provides the opportunities which Jersey Oil and Gas is pursing, with some vigour.

At this oil price range we are seeing vendors more willing to consider realistic price levels, and there have already been some notable divestments at the large transaction size level. We maintain our aim to create shareholder value through acquiring working interests in 6 to 10 producing fields, with a target of producing 10,000 barrels of oil per day ("bopd") of aggregate net production, and we continue to be assisted in this by some £25m of available tax losses. In doing so, we apply a disciplined approach to assessing potential targets through a thorough due diligence program on each asset we consider as an acquisition candidate. Our analytical base of oil and gas interests in the North Sea is already extensive and our ability to realistically value the various assets we are seeing will be the bedrock of future acquisitions that we undertake.

We equally remain focused on developing our existing asset portfolio and in the first six months of the year we have farmed out our interest in Seaward Production Licence P.1989 ("Homer") to Azinor. This transaction was implemented by way of a Sale and Repurchase Agreement ("SPA") under which Azinor acquired 100 per cent. of the licence in return for certain work commitments and the obligation to make payments of US$2m in the event of an exploration well being drilled, and a further US$2m on a Field Development Plan being approved by the Secretary of State for Business, Energy and Industrial Strategy. Subsequent to 30th June 2016, we also entered into a farm out of our interest in UK Seaward Licence P.2170 ("Cortina") to Statoil, under which we will retain an 18 per cent. interest in the licence. As part of the transaction Statoil will make a payment to Jersey Oil and Gas of U$1.2m, in addition to providing significant cost carries on a near term exploration well. Details of these two transactions are covered in the Chief Executive Officer's Report.

At the same time we have continued to keep our costs under tight control, with further salary reductions put in place at the beginning of the year, in addition to relinquishing a number of our licence interests in order to save on onerous license fees.

Our pre-tax loss for the period amounted to £210,837, reflecting our control on costs, and our available cash at 30 June 2016 amounted to just under £600,000.

On behalf of the Board, I would like to thank all of our shareholders for their continuing support as we seek to build the Company through a focussed and disciplined approach to acquisitions, in 2016 and beyond.

Marcus Stanton
Non-Executive Chairman

26 September 2016

I am pleased to report to shareholders that we have delivered on part one of our stated strategy, which was to crystalise value in the Group's existing exploration asset portfolio. The farm out's we have concluded have the potential to add significant shareholder value with drilling success and serve to underpin existing value within JOG.

With respect to the second part of our strategy, the acquisition of production assets, over the past year we have been involved in fourteen sale processes involving more than 40 field interests, a significant undertaking for a team of JOG's size but one that I believe will yield positive results for our shareholders. We remain actively engaged on a number of asset/corporate opportunities, some bilateral negotiations, and we have continued to identify further potential deal flow. With the oil price showing strong support above $40/bbl and often approaching $50/bbl, we are confident that our ongoing production focused strategy remains more relevant and opportune than ever. After a dearth of equity financings in the oil sector for almost two years, the equity markets showed some tacit signs of thawing in the first half of 2016, which is encouraging.

Successful High Impact Farm Out to Statoil

After a significant amount of hard work throughout the Company, I was delighted that post the period end in August 2016 we announced the farm-out of an interest in UK Seaward Licence P.2170, Blocks 20/5b and 21/1d to Statoil (U.K.) Limited ("Statoil"), a leading multinational oil and gas company. This was a huge achievement by the Company being one of the very few promoted farm-outs to have taken place in the North Sea in the last couple of years.

The Group historically held a 60 per cent. interest in the P.2170 Licence with CIECO holding the remaining 40 per cent. interest. On completion of the farm-out, Statoil will hold 70 per cent. as operator, the Group will retain an 18 per cent. interest, of which 10 per cent. will continue to be carried by CIECO pursuant to the pre-existing arrangements between the parties, and CIECO will retain a 12 per cent. interest.

We were delighted to have secured a farm-out partner of the calibre of Statoil. The P.2170 Licence area has significant exploration potential for the discovery of oil and we look forward to drilling one of the prospects with our partners, potentially as early as next year. This farm-out deal exposes our shareholders to 18 per cent. of a prospect with significant potential and a carry in respect of the costs of the budgeted first exploration well. Individual prospects of this materiality are increasingly rare in the North Sea and to have a leading international operator such as Statoil joining our partnership group, serves to demonstrate the significant value-potential of this asset.

Under the terms of the SPA, Statoil will be appointed the designated operator for a total up-front cash consideration of US$2 million, of which US$1.2 million will be payable to Jersey Oil & Gas, although it should be noted that as part of the Athena settlement we will pay 60 per cent. of the net proceeds after costs to the Athena Consortium. The P.2170 Licence area contains two medium risk independent oil prospects identified with unaudited estimated mean in place volumes of 300 and 212 million stock-tank barrels ("Mmstb") respectively. Importantly Statoil will fund all costs up to US$25 million in respect of the first exploration well to be drilled on the P.2170 Licence (the "Exploration Well"), with any cost over-runs to be satisfied by each party in proportion to their working interests. The planning of the exploration well is expected to commence this year, with drilling potentially planned for 2017.

Other Licence activities

Early in the first half of the year, we were pleased to announce that we had farmed-out our interest in Seaward Production Licence P. 1989 Blocks 14/11, 12 & 16. The Company signed a Sales and Purchase Agreement (the "SPA") with Azinor Catalyst Limited ("Azinor") for the farm-out of our 50 per cent. interest in the Licence. The balancing 50 per cent. interest in the Licence was held by Norwegian Energy Company UK Limited ("Noreco").

The Licence area is located in the North West Witch Ground Graben in the Moray Firth, and was awarded as a traditional licence in the Department of Energy and Climate Change's 27th Licensing Round and prospectivity has been identified in Early Cretaceous sediments. Under the terms of the SPA, Azinor agreed to acquire 100 per cent. of the Licence from both the Group and Noreco, and on completion of the transaction was appointed as Operator. By way of consideration, Azinor will undertake to:

- carry out certain firm work commitments, as set out in the terms of the Licence, including the drill-or-drop obligation in respect of an exploration well; and
- make certain payments to each of Noreco and the Group contingent on the occurrence of certain future events, namely:
  - US$2m within 90 days of the date when an exploration well, drilled within the Licence area, exceeds a threshold of net-pay with a vertical extent of no less than twenty metres of sands with a hydrocarbon saturation above sixty per cent. and a permeability cut-off of 1mD; and
  - a further US$2m within 90 days of the date when a Field Development Plan in respect of the aforementioned exploration well is approved by the Secretary of State for Business, Energy and Industrial Strategy.

This farm-out was in line with our stated strategy, which was to actively manage and de-risk our then large existing exploration portfolio, and this transaction ensures that the Company maintains exposure to the potential upside from this Licence, at no further cost to the Company.

In line with our strategy of minimizing costs, we also took the decision to relinquish a number of licences where we viewed there to be little prospectivity or investor appetite. As such, we didn't believe it was in shareholders' interests to be further investing our limited resources into these licences which had little chance of being progressed. The decision was therefore taken to relinquish the following licences:

- Licence P.1610, Block 13/23a (Liberator) was relinquished with an effective date of 6 January 2016. This relinquishment is a result of onerous licence fees. The Company will therefore forgo its 10 per cent. carried interest in this licence.
- Licence P.1666, Block 30/11c (Romeo) was relinquished with an effective date of 11 February 2016.
- Licence P.1889, Blocks 12/26b & 27 (Niobe-Kratos) well (12/27-4) which was drilled in 2015 and there being no remaining identified drillable prospectivity, Licence P.1889 was relinquished with an effective date of 31 December 2015.

Financial review

During the first half of the year, the Company no longer had any revenue as historically this was largely associated with our interest in the Athena Oil Field. As announced in July 2015, we ring-fenced our liabilities on the Athena Oil Field with the Athena Consortium. As a result we have no real economic exposure to the field and the Group therefore no longer accounts for the income and expenses of the Athena Oil Field in its results.

Our Cost of Sales largely related to our ongoing work on our remaining licence interest, P.2170, that we were working on farming out during the first half of the year and which we have, subsequent to the period end, successfully farmed out to Statoil.

We were also in receipt of a refund from our insurers in the period as a result of a return of premiums on various policies and, in addition, the Group received a refund of prepaid well costs from the operator on the Niobe exploration well due to the actual costs of the well having been less than budgeted. These items are shown as other income in the accounts.

The Company has taken a sharp focus on administration costs over the last couple of years and these costs were lowered further in January 2016, as is reflected in the reduction in such costs compared to the Group's 2015 results for the comparable period.

Over all, there was a loss of just over £200,000 pounds in the period and our tightly managed cash balance stood at approximately £580,000 at the end of June 2016.

Looking Forward

The Company continues to tightly manage its existing cash resources and has actively managed its legacy portfolio thereby generating significant possible future value for shareholders. In particular we look forward to the prospect of Statoil drilling in the P.2170 Licence in 2017.

I would like to extend my ongoing thanks to the JOG team for their considerable work effort during the year as well as their ongoing commitment to delivering on our production stated strategy.

I would also like to thank our shareholders for their support, which is critical in the early growth stages of this company. We remain excited about JOG's prospects for the remainder of 2016, through into 2017 and look forward to updating shareholders on our progress in due course.

Andrew Benitz
Chief Executive Officer

26 September 2016

JERSEY OIL AND GAS PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Notes	6 months to 30/06/16 (unaudited) £	6 months to 30/06/15 (unaudited) £	Year to 31/12/15 (audited) £
CONTINUING OPERATIONS				
Revenue		-	4,065,794	4,065,794
Cost of sales		(53,916)	(6,949,421)	(7,006,952)
GROSS LOSS		(53,916)	(2,883,627)	(2,941,158)
Other income	6	181,883	-	-
Exceptional items		-	4,184,444	3,257,725
Administrative expenses		(339,956)	(582,373)	(1,595,283)
OPERATING PROFIT/(LOSS)		(211,989)	718,444	(1,278,716)
Finance costs		-	(164,448)	(164,399)
Finance income		1,152	2,499	13,037
PROFIT/(LOSS) BEFORE TAX		(210,837)	556,495	(1,430,078)
Tax	7	-	-	-
PROFIT/(LOSS) FOR THE PERIOD		(210,837)	556,495	(1,430,078)
OTHER COMPREHENSIVE INCOME				
Items that will be reclassified subsequently to profit or loss				
Change in value of available for sale financial asset		-	-	-
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD		(210,837)	556,495	(1,430,078)
Total comprehensive profit/(loss) attributable to:				
Owners of the parent		(210,837)	556,495	(1,430,078)
Earnings/(Loss) per share expressed in pence per share:	8			
Basic		(4.31)	0.24	(29.21)
Diluted		(4.31)	0.24	(29.21)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

JERSEY OIL AND GAS PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Notes	30/06/16 (unaudited) £	30/06/15 (unaudited) £	31/12/15 (audited) £
NON-CURRENT ASSETS				
Intangible assets - Exploration costs	9	183,199	320,958	138,323
Intangible assets - Data licence costs	9	-	-	-
Property, plant & equipment	10	2,714	10,207	5,055
		185,913	331,165	143,378
CURRENT ASSETS				
Trade and other receivables		50,309	2,838,779	227,718
Cash and cash equivalents (including restricted cash)	11	582,154	822,227	862,910
		632,463	3,661,006	1,090,628
TOTAL ASSETS		818,376	3,992,171	1,234,006
EQUITY				
SHAREHOLDERS' EQUITY				
Called up share capital		2,331,767	2,271,693	2,331,767
Share premium account		69,569,978	68,321,083	69,569,978
Share options reserve		1,381,133	1,786,425	1,381,133
Accumulated losses		(72,181,357)	(70,389,239)	(71,970,520)
Reorganisation reserve		(382,543)	(382,543)	(382,543)
TOTAL EQUITY		718,978	1,607,419	929,815
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables < 1 year		99,398	2,384,752	304,191
TOTAL LIABILITIES		99,398	2,384,752	304,191
TOTAL EQUITY AND LIABILITIES		818,376	3,992,171	1,234,006

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Called up share capital	Share premium account	Share options reserve	Accumulated Losses	Re-organisation reserve	Total equity
	£	£	£	£	£	£
At 1 January 2015	2,271,693	68,321,083	1,786,425	(70,945,734)	(382,543)	1,050,924
Profit for the period and total comprehensive income	-	-	-	556,495	-	556,495
At 30 June 2015	2,271,693	68,321,083	1,786,425	(70,389,239)	(382,543)	1,607,419
At 1 January 2016	2,331,767	69,569,978	1,381,133	(71,970,520)	(382,543)	929,815
Profit/(Loss) for the period and total comprehensive income	-	-	-	(210,837)	-	-
At 30 June 2016	2,331,767	69,569,978	1,381,133	(72,181,357)	(382,543)	718,978

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

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

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

JERSEY OIL AND GAS PLC

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Notes	6 months to 30/06/16 (unaudited) £	6 months to 30/06/15 (unaudited) £	Year to 31/12/15 (audited) £
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash used in operations	11	(331,105)	(3,687,318)	(4,163,979)
Net interest received		1,152	2,499	9,358
Interest paid		-	(3,728)	-
Net cash used in operating activities		(329,953)	(3,688,547)	(4,154,621)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of intangible assets		(53,680)	(2,799,780)	(2,722,853)
Refund of costs of intangible assets		102,877	-	-
Purchase of property, plant & equipment		-	(113,728)	(147,868)
Net cash (used in)/generated from investing activities		49,197	(2,913,508)	(2,870,721)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from share issue		-	-	813,970
Net cash used in financing activities		-	-	813,970
DECREASE CASH AND CASH EQUIVALENTS		(280,756)	(6,602,055)	(6,211,372)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	11	862,910	7,074,282	7,074,282
CASH AND CASH EQUIVALENTS AT END OF PERIOD	11	582,154	472,227	862,910

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

1. GENERAL INFORMATION

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

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

2. BASIS OF PREPARATION

These consolidated interim financial statements have been prepared under the historic cost convention, using the accounting policies that will be applied in the Group's statutory financial information for the year ended 31 December 2016 and in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority (previously the Financial Services Authority) and with IAS 34 'Interim financial reporting'. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with IFRS as adopted by the European Union.

The Group meets its day-to-day working capital requirements through its cash reserves. The current economic conditions and sector activities continue to create uncertainty. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate with the level of its current facilities until early 2017. After making enquiries and given the recent successful corporate activity, the Directors have a reasonable expectation that further funding will be achievable as required to enable the Group to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its condensed interim financial statements**.**

The reports for the six months ended 30 June 2016 and 30 June 2015 are unaudited and do not constitute statutory accounts as defined by the Companies Act 2006. The financial statements for 31 December 2015 have been prepared and delivered to the Registrar of Companies. The auditors' report on those financial statements was unqualified, but did include reference to uncertainties which may cast significant doubt about the Group's ability to continue as a going concern, to which the auditors drew attention by way of an emphasis of matter without qualifying their option. Their report did not contain a statement under section 498 of the Companies Act 2006.

Under IFRS 11, the Group will continue to proportionately account for its share of assets, liabilities, revenue and expenses in its joint operations.

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial period beginning on or after 1 January 2016 that would be expected to have a material impact on the Group.

The results are not impacted by seasonality.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those applied in the previous financial year.

Revenue recognition
Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. It is measured at the fair value of consideration received or receivable for sale of goods. Revenue derived from the production of hydrocarbons in which the Group has an interest with joint venture partners is recognised on the basis of the Group's working interest in those properties. It is recognised when the significant risks and rewards of ownership have been passed to the buyer.

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

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

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

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

Exploration costs included in Intangible Assets relating to exploration licences and prospects are carried forward until the existence (or otherwise) of commercial reserves has been determined subject to certain limitations including review for indications of impairment. If commercial reserves are discovered, the carrying value, after any impairment loss of the relevant assets, is then reclassified as a Tangible Asset under Production interests & fields under development. If, however, commercial reserves are not found, the capitalised costs are charged to the consolidated statement of comprehensive income. If there are indications of impairment prior to the conclusion of exploration activities, an impairment test is carried out.

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3. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

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

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

Decommissioning and site restoration
Provision for decommissioning and site restoration is recognised during the initial development stage of the field when the obligation to restore the site is triggered. A corresponding amount equivalent to the provision is also recognised as part of the cost of the related production interest. The amount recognised is the estimated cost of decommissioning and site restoration, discounted to its net present value and is reassessed each year in accordance with existing conditions and requirements. Changes in the estimated timing of cost estimates are dealt with as an adjustment to the provision and a corresponding adjustment to the production interest. The unwinding of the discount on the decommissioning provision is included as a finance cost.

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

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

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

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

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

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

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

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3. **SIGNIFICANT ACCOUNTING POLICIES (continued)**

Contingent liabilities
Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Group, or present obligations where it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

4. **SEGMENTAL REPORTING**

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

5. **FAIR VALUE OF NON-DERIVATIVE FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

Maturity analysis of financial assets and liabilities

Financial Assets

	30/06/16	30/06/15	31/12/15
	£	£	£
Up to 3 months	50,309	2,838,779	227,718
3 to 6 months	-	-	-
Over 6 months	-	-	-
	50,309	2,838,779	227,718

Financial Liabilities

	30/06/16	30/06/15	31/12/15
	£	£	£
Up to 3 months	99,398	2,384,752	304,191
3 to 6 months	-	-	-
Over 6 months	-	-	-
	99,398	2,384,752	304,191

Fair value estimation

Below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:
- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

6. **OTHER INCOME**

	30/06/16
	£
Well insurance refunded	79,006
Well costs refunded	102,877
	181,833

7. **TAX**

Jersey Oil and Gas plc is a trading company but no liability to UK corporation tax arose on the ordinary activities for the period ended 30 June 2016. As at 31 December 2015, Trap Oil Ltd, a wholly owned subsidiary" had Ring Fenced Corporation Tax losses of approximately £21.5m and Non-Ring Fenced Corporation Tax losses of approximately £1.3m. Trap Oil Ltd also had approximately £5.6m of losses available to offset future Supplementary Charge profit.

continued...

8. EARNINGS/(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 period.

Diluted loss per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

	Earnings attributable to ordinary shareholders £	Weighted average number of shares	Per share amount Pence
Period ended 30 June 2016			
Basic & Diluted EPS			
Profit/(Loss) attributable to ordinary shareholders	(210,837)	4,895,881	(4.31)

9. INTANGIBLE ASSETS

	Exploration costs £	Data licence costs £	Total £
COST			
At 1 January 2016	16,629,877	4,000,000	20,629,877
Additions	53,680	-	53,680
Refund of Well costs	(102,877)	-	(102,877)
At 30 June 2016	16,580,680	4,000,000	20,580,680
ACCUMULATED AMORTISATION			
At 1 January 2016	16,491,554	4,000,000	20,491,554
Impairments *	8,804	-	8,804
Reversal of previous impairment	(102,877)	-	(102,877)
At 30 June 2016	16,397,481	4,000,000	20,397,481
NET BOOK VALUE at 30 June 2016	183,199	-	183,199

A total impairment charge of £8,804 (made up from the impairments below) is included in Cost of Sales in the Consolidated Statement of Comprehensive Income as an impairment trigger was identified requiring a full impairment review to be carried out in accordance with IAS 36 'Impairment of assets'. The impairments largely related to either unsuccessful exploration or a reduction in value due to potential monies due to the Athena Consortium as part of our settlement arrangements. An economic assessment of all assets was carried out as at 30 June 2016 using the Expected Monetary Value models.

* Impairments relate to the following licences included in Cost of Sales in the consolidated statement of comprehensive income:

	£
Niobe - Licence P.1889	8,639
Homer - Licence P.1989	165
	8,804

continued...

10. PROPERTY, PLANT & EQUIPMENT

	Production interests & fields under Development £	Computer & office equipment £	Total £
COST			
At 1 January 2016	29,452,895	286,022	29,738,917
Additions	-	-	-
At 30 June 2016	29,452,895	286,022	29,738,917
ACCUMULATED AMORTISATION, DEPLETION & DEPRECIATION			
At 1 January 2016	29,452,895	280,967	29,733,862
Charge for period	-	2,341	2,341
Impairment charge		-	-
At 30 June 2016	29,452,892	283,308	29,736,203
NET BOOK VALUE at 30 June 2016	-	2,714	2,714

11. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

RECONCILIATION OF (LOSS)/PROFIT BEFORE TAX TO CASH (USED IN)/GENERATED FROM OPERATIONS

	30/06/16 (unaudited) £	30/06/15 (unaudited) £	31/12/15 (audited) £
Profit/(Loss) for the period before tax	(210,837)	556,495	(1,430,078)
Adjusted for:			
Amortisation, impairments, depletion and depreciation	(91,732)	4,911,697	5,901,697
Finance costs	-	164,448	164,399
Finance income	(1,152)	(2,499)	(13,037)
	(303,721)	5,630,141	4,622,981
Decrease in inventories	-	858,060	858,060
Decrease in trade and other receivables	177,409	7,187,927	9,798,988
Decrease in trade and other payables	(204,793)	(17,363,446)	(19,444,008)
Cash used in operations	(331,105)	(3,687,318)	(4,163,979)

CASH AND CASH EQUIVALENTS

The amounts disclosed in the consolidated statement of cash flows in respect of cash and cash equivalents are in respect of these consolidated statement of financial position amounts:

Period ended 30 June 2016

	30/06/16 £	31/12/15 £
Unrestricted Cash and cash equivalents	582,154	862,910
	582,154	862,910

continued...

12. **COMMITMENTS AND GUARANTEES**

Operating lease commitments – Group company as lessee

The Group leased an office at 85 Gresham Street under a non-cancellable operating lease agreement, which expired in February 2016. During the prior period the Group assigned its lease of 35 King Street to a third party, although the Group is still acting as Authorised Guarantor for all liabilities of the assignee in relation to the lease agreement, which terminates on 30 October 2018.

	30/06/16	30/06/15	31/12/15
	£	£	£
No later than 1 year	1,822	54,250	10,000
Later than 1 year and no later than 5 years	-	-	-
Later than 5 years	-	-	-
	1,822	54,250	10,000

Jersey Oil and Gas E&P Ltd. (a wholly owned subsidiary of Jersey Oil and Gas plc.) sub leases office space in Jersey on a rolling quarterly basis with no cancellation penalty. The office address is Howard House, 9 The Esplanade, St Helier, Jersey, Channel Islands, JE2 3QA.

13. **CONTINGENT LIABILITIES**

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

As noted above, the Group is an Authorised Guarantor for all liabilities of the assignee in relation to the lease at 35 King Street.

14. **RELATED PARTIES**

During the period, Jersey Oil and Gas plc made loans available to wholly owned subsidiaries. The balances outstanding at the end of the period are Trap Oil Ltd £68,412,220 (2015: £37,313,481), Trap Oil & Gas Ltd £nil (2015: £85,779), Trap Petroleum Ltd £nil (2014: £149,291) and Trap Exploration (UK) Ltd £nil (2015: £16,309) which are included in Trade and Other Receivables. At the end of the period Jersey Oil and Gas plc owed Predator Oil Ltd £211,676 (2015: owed to Jersey Oil and Gas plc £7,631) which are included in Trade and Other Payables, as Amounts owed by Group undertakings. During the period, the Company also made sales to Trap Oil Ltd amounting to £220,067 (2015: £467,657).

15. **POST BALANCE SHEET EVENTS**

In August 2016, the Company Farmed-out an Interest in UK Seaward Licence P.2170, Blocks 20/5b and 21/1d to Statoil. Further details of the transaction have been provided in the Chairman's and Chief Executive's statement.

16. **AVAILABILITY OF THE INTERIM REPORT 2016**

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