

**JERSEY OIL AND GAS PLC**  
**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2019**

**JERSEY OIL AND GAS PLC**  
**CONTENTS OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2019**

---

	<b>Page</b>
<b>Highlights</b>	1
<b>Chairman's Statement</b>	2
<b>Chief Executive Officer's Report</b>	3-5
<b>Consolidated Statement of Comprehensive Income</b>	6
<b>Consolidated Statement of Financial Position</b>	7
<b>Consolidated Statement of Changes in Equity</b>	8
<b>Consolidated Statement of Cash Flows</b>	9
<b>Notes to the Consolidated Financial Statements</b>	10-15

**JERSEY OIL AND GAS PLC**  
**HIGHLIGHTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2019**

---

**Highlights:**

- Strong cash position of approximately £15.5m at period end
- Drilled the 20/05b-14 Verbier appraisal well which, although failing to encounter Upper Jurassic sands, provided the P2170 JV partners with valuable well data
- Received the final instalment of the processed data from the 2018 PGS 3D seismic survey, which will be incorporated with data from the 20/05b-14 Verbier appraisal well to provide a Verbier licence full re-evaluation
- Received £750,000 in settlement from Total E&P UK Limited ("TEPUK") in relation to the termination of its 2013 farm-in to licence P2032

**Post Period End:**

- Transformational licence awards in the Oil and Gas Authority's ("OGA") 31<sup>st</sup> Supplementary Offshore Licensing Round in the UK North Sea
- Greater Buchan Area awards include 100% equity and operatorship of the Buchan Field together with the J2 and Glenn discoveries
- Awards add an estimated 119 million barrels of discovered mean recoverable resources net to JOG
- Three month 50% option granted to Equinor for Blocks 20/5d and 21/1a (the "Buchan Blocks")

**Outlook:**

- Field Development Planning ("FDP") work underway on the Greater Buchan Area hub development project
- Adopting key Environment, Social and Governance principles to ensure that we develop our resources in a sustainable, low carbon and responsible manner
- Hiring key project team members to enhance our technical and project management capabilities
- Appointing key contractors to undertake Appraise and Select phases of the FDP work
- Commissioned a new independent Competent Person's Report ("CPR") for the Buchan Blocks, which contain the Buchan Field and J2 discovery
- Progressing full subsurface re-interpretation / validation of licence P2170 using the new final processed data from the 2018 PGS 3D seismic survey
- Undertaking independent work in respect of licence P2170 to support potential future drilling activity
- Potential production acquisition opportunities continue to be pursued

**JERSEY OIL AND GAS PLC**  
**CHAIRMAN'S STATEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2019**

---

**Overview**

The first six months of 2019 was a busy period for Jersey Oil and Gas ("JOG" or the "Company") as we drilled the Verbier (P2170) appraisal well, made a detailed application to the Oil and Gas Authority ("OGA") in respect of acreage adjacent to P2170 offered in its 31<sup>st</sup> Supplementary Offshore Licensing Round ("31 SLR"), and commenced work on the interpretation of the 3D seismic survey's processed data over the P2170 licence area.

This was against a backdrop of the Brent Crude oil price starting 2019 at approximately US\$55 per barrel and increasing to US\$65 per barrel as at 30th June 2019.

**Verbier and the Greater Buchan Area Development**

To our great disappointment, the Verbier appraisal well did not encounter the anticipated Upper Jurassic sands. Nonetheless, we remain committed to the P2170 Licence area, particularly in the context of: a) the operator's estimate of 25m barrels of discovered contingent resources at Verbier; b) potential additional resources in the area located to the north west of the earlier Verbier discovery (the 20/05b-14 well) which remain untested; c) the further untested resource potential in a deeper horizon beneath the Verbier discovery; and d) the Cortina prospect.

During the first half of 2019, we also continued to work very hard on our application for acreage on offer under the 31 SLR, which included the Buchan oil field and the J2 oil discovery (well 20/5a-10Y), both of which are located in areas contiguous to P2170 in the UK North Sea.

In July 2019, we were delighted to announce that JOG had been awarded various licence interests, including Blocks 20/5d and 21/1a (containing the Buchan field and the J2 discovery), new exploration acreage with the award of Block 20/4c and, subsequent to the initial awards, a further award including Block 21/2a (containing the Glenn oil discovery). These awards, when combined, provide JOG with licence acreage with an additional estimated 119 million barrels of oil equivalent ("mmbobe") of discovered mean recoverable resources.

The 31 SLR awards represent a huge opportunity for JOG, bringing us operatorship of most of the key discovered oil fields within the Greater Buchan Area, whilst additionally enhancing the potential development of the Verbier discovery, as part of an overall area development project.

Further details of the 31 SLR awards are contained in the Chief Executive Officer's Report. As Chairman, I would like to take this opportunity to acknowledge the huge amount of effort that has been put into achieving these licence awards by the entire JOG team, which is the culmination of preparatory work that has been ongoing for much of the last two years.

**Financial Position**

The Company's total cash reserves at 30 June 2019 were approximately £15.5 million.

Going forward, we now have a much enlarged portfolio of assets, which we expect will continue to grow in the future, each with interdependent funding considerations.

**Outlook**

Following the recent 31 SLR awards, we have started to work on the development project for the Greater Buchan Area with vigour and look forward to delivering significant shareholder value as this workstream progresses.



**Marcus Stanton**  
Non-Executive Chairman

26 September 2019

**JERSEY OIL AND GAS PLC**  
**CHIEF EXECUTIVE OFFICER'S REPORT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2019**

---

## **Overview**

In January 2019, the OGA launched the 31<sup>st</sup> Supplementary Offshore Licensing Round ("31 SLR"), covering the Greater Buchan Area ("GBA"). The acreage offered in the 31 SLR centred around our existing P2170 licence area, where the Company made the Verbier oil discovery in October 2017. We referred to the 31 SLR in our 2018 annual report and accounts, recognising the potential for a new area hub development to produce the material discovered oil volumes that exist within the GBA. Looking at the GBA in a wider hub context has been part of JOG's strategic thinking for the past two years, and it was this foresight that has helped to transform the Company to where we are today – a North Sea focused upstream business with in excess of 120 million barrels of discovered oil across multiple high quality oil fields that, tied together, could form a major new JOG-operated development hub within the Central North Sea.

During the first half of 2019, the Verbier appraisal well was drilled, in which JOG holds an 18% non-operated working interest. Unfortunately, after the success of the initial exploration discovery in late 2017, this initial appraisal well did not encounter the anticipated Upper Jurassic reservoir sands. Whilst this was a temporary setback for the Company, it is important to note that such an outcome does not factor in elements of additional resource potential within the P2170 licence area which include an area to the north west of Verbier, a deeper objective beneath the Verbier discovery and the Cortina prospect to the east of Verbier. Together with our co-venturers, Equinor UK Limited ("Equinor") and CIECO V&C (UK) Limited ("CIECO"), we have begun work on a full re-evaluation of the licence area, including an assessment of additional prospectivity in the deeper targets and the other previously identified exploration opportunities. This additional prospectivity provides material upside potential for JOG's area development plans within the GBA.

## **Operations**

The Verbier appraisal well programme was part of a larger Equinor-operated drilling campaign which began in September 2018 and moved into UK waters in January 2019 in order to commence the drilling of two exploration wells for Equinor prior to Verbier. This had cost benefits for JOG, in that certain costs were shared, such as mobilisation and demobilisation, across the whole campaign. The 20/05b-14 Verbier appraisal well commenced drilling on 4 March 2019 and its results were announced by JOG on 3 April 2019. The well, which was drilled ahead of schedule and under budget, did not encounter the anticipated Upper Jurassic reservoir sands and, as a result, our contingent resource volumetric estimates have been revised towards the lower, 25 mmboe end of the operator's initial resource estimate range. The original 20/05b-13Z Verbier discovery well encountered excellent quality oil bearing reservoir sands. A full suite of wireline logs was acquired during the 2019 appraisal well programme, the data from which, together with all the previous well results, is being integrated into the final processed 3D seismic survey data, which was delivered during June and July 2019. The resulting analysis will be used to evaluate fully the upside potential for further Verbier appraisal activity. A large part of the mapped area of the Verbier discovery, located to the north west of the recent 20/05b-14 appraisal well, remains untested and further additional resource potential, which was not tested with this appraisal well or the 20/05b-13Z discovery well, has also been identified in a deeper horizon beneath the Verbier discovery. These prospects, along with the Cortina prospect, also situated within the P2170 licence area, will be re-evaluated, utilising the new seismic data and considered for potential future drilling.

## **The Greater Buchan Area – A transformational event for Jersey Oil and Gas**

In July 2019, after expending significant time, effort and investment on an application, JOG was awarded 100% working interests and operatorship of four blocks in the 31 SLR. The acreage awarded includes the Buchan oil field and the J2 and Glenn oil discoveries and additional exploration upside and is contiguous with JOG's existing interest in Licence P2170 that contains the Verbier discovery. JOG's acreage interest in the GBA, including P2170, is estimated to contain in excess of 120 mmboe discovered mean recoverable resources in addition to in excess of 300 mmboe identified mean prospective resources. Work has now commenced on preparing an FDP for the Greater Buchan Area development project with, subject to funding, first oil targeted for 2024. By way of a low-risk accumulation of discovered resource volumes, this is by far the most significant event for JOG since its inception and we are excited that work on this new project is underway.

The Buchan oil field was discovered in the mid-1970s and was brought onstream by BP in 1981 with nine development wells with initial production peaking at 54,537 barrels of oil per day ("bopd"). 148 million barrels ("mmbbls") of oil were produced under natural depletion with aquifer support through to May 2017, at which point the field went into early cessation of production because the Buchan Alpha platform was no longer compliant with the current safety rules and regulations. Buchan oil is a light 33.5° API oil with a low gas/oil ratio ("GOR") (285 standard cubic feet per barrel ("scf/bbl")). Buchan benefits from a significant oil column in excess of 1,900 ft (well 21/1a-6) and a number of in-depth studies compiled since 2014 have concluded a strong case for Buchan to be redeveloped. JOG has already spent two years investigating the subsurface attributes of Buchan and estimates that over 80 million barrels of recoverable oil volumes remain to be produced from the field. Additional oil has been discovered in the Andrew Sandstone, a recognised shallow reservoir that sits above the main Buchan reservoir. JOG currently anticipates that Buchan will form the new hub for our area development plans for the GBA and this will be the focal point for the Company as we progress our FDP.

The J2 oil discovery, discovered by the 20/5a-10Y well in 2006, is some 3.5km north of Buchan and represents a viable tie back opportunity to the proposed Buchan hub. The well reportedly encountered hydrocarbons within the Sgiath Formation Sandstone that flowed at 2,850 bopd plus 1.2 million metric standard cubic feet per day ("mmscfd") of gas (37° API, GOR 426 scf/bbl) on test. Additionally, the well also encountered approximately 16 metres of excellent quality Upper Jurassic sands that flowed at 4,800 bopd plus 2.6 mmscfd (39° API, GOR 500 scf/bbl) on test. The two reservoirs are contained within different pressure cells. JOG's management estimates that the Sgiath discovery is 20 million barrels of recoverable oil volumes and that the Upper Jurassic test is potentially the eastern extension of the Verbier field. Development plans for J2 Sgiath will be run concurrently with our plans for Buchan.

The Glenn oil discovery is located some 15km to the east of Buchan and is also a potential tie back opportunity to the proposed Buchan hub. The Glenn oil accumulation is a faulted horst structure with oil trapped within late Jurassic, shallow marine Sgiath Formation sands. JOG's management estimates that 14 million barrels of recoverable oil volumes can be potentially produced from Glenn. The licence in respect of Block 21/2a comprises a two-year initial term with certain firm work obligations, principally comprising geotechnical studies, with a drill or drop well obligation at the end of the initial term.

**JERSEY OIL AND GAS PLC**  
**CHIEF EXECUTIVE OFFICER'S REPORT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2019**

---

In addition to the above discovered oil volumes, JOG has also been awarded acreage that includes a number of exploration prospects that we have identified. In aggregate, JOG's management has estimated mean case recoverable prospective resources of 91 mmbboe across these prospects. Directly to the North East of Buchan lies the Capri prospect, which we currently believe represents the updip, slope apron fan deposits of the basinal Cortina prospect recognised in Licence P2170. Directly to the west of Buchan, JOG has been awarded the 20/4c block, where JOG has mapped the Zermatt and Chamonix Upper Jurassic prospects and the Courchevel lead which is a Sgiath reservoir target. The licence working obligations include a drill or drop well obligation to be elected after two years.

As part of our strategy for the development of the GBA, in 2018 JOG pre-funded a major 3D seismic survey by PGS that covered a 1,000km<sup>2</sup> area overlaying all the acreage we have been awarded in the 31 SLR. The final, fully-processed data was delivered to JOG in July 2019 and we are pleased to observe a significant improvement in the image quality and an enhanced resolution. This data will be of significant benefit as we progress our subsurface work across all the awarded acreage.

Upon the award of Blocks 20/5d and 21/1a (the "Buchan Blocks") in July 2019, JOG entered into a three-month option agreement with Equinor under which Equinor has been granted an option over a 50% equity interest in the Buchan Blocks, which contain the Buchan oil field and J2 oil discovery. Should the option be exercised, JOG shall act as Licence Operator and Equinor will reimburse JOG for its 50% share of costs in relation to the licence applications. In the event of the option not being exercised, JOG will consider farm-out terms for value with other industry partners and alternative funding opportunities that can be put in place over the course of the next two years as the FDP develops. We are confident of securing appropriate funding for a project of this calibre.

#### **Environment, Social and Governance ("ESG") Considerations**

With the launch of its Greater Buchan Area development plans, JOG has begun its focus on ESG principles. The oil industry is understandably a focal point for environmental concerns, however, JOG believes that the energy market transition is about evolving the energy mix to be as sustainable as possible rather than an immediate halt of hydrocarbon production. JOG is developing ESG criteria to be applied throughout its business. Our governing principles are outlined below:

- Applying appropriate criteria to all our activities to ensure that JOG is environmentally conscientious
- Respectful treatment of all people within JOG's operating community
- Honest and transparent business practices

We will assess all development options from an ESG standpoint to ensure that we develop our resources in a sustainable, low carbon and responsible manner, in parallel with our core company objective of creating shareholder value – we do not see these as being mutually exclusive ideals. Simple examples of this could be through reducing the GBA project's carbon footprint through designing a platform with lower steel content and a production strategy that adopts a lower but longer plateau life, or assessing 'gas to wire' technologies to manage gas production. Moving forward JOG will now make ESG part of its regular reporting to shareholders.

#### **Other Licence Activity**

On 28th May 2019 JOG was pleased to announce that it had received £750,000 from TEPUK in relation to TEPUK's termination of its 2013 farm-in to licence P2032 (Blocks 21/8c, 21/9c, 21/10c, 21/14a and 21/15b), which has been recognised in the income statement as other income.

#### **JOG's Acquisition Strategy**

JOG has delivered to its shareholders a significant growth opportunity with a major new development project within its core Greater Buchan Area. As we progress through the FDP, we will continue to be opportunistic on the potential acquisitions front, with positive cashflow production assets being one viable way to meet future funding requirements post-FDP on our GBA hub project. JOG remains committed to scaling up its business in the UK North Sea and sees this as a good sector in which to build a profitable full cycle upstream oil and gas business. We are pleased to be active in an area where there is a proactive, industry-facing regulator, in the form of the OGA, and we are fully aligned with the OGA's objective of Maximising Economic Recovery ('MER').

#### **Financial Review**

JOG's cash position was approximately £15.5 million as of 30th June 2019. JOG had no production revenue during the reporting period, although it received a small amount of interest on its cash deposits.

The loss for the six month period to 30 June 2019, before and after tax, was £412,511 (2018 interims: £857,455). This reflects *inter alia*, the settlement received from TEPUK and the Company's continued focus on controlling administrative costs within the context of the requisite work undertaken during the year.

Our main expenditure during the reporting period related to the Verbier appraisal well programme, which has been capitalised as part of our continuing Verbier exploration programme, within intangible assets.

We continue to review our cash requirements which, in the medium term, will be based on considerations relating to any future joint venture partner in the GBA licences and the costs associated with progressing the development of the GBA hub project through to an agreed Field Development Plan ("FDP"), potential future appraisal and/or exploration well drilling on licence P2170, further evaluation of our new exploration licences and any potential M&A activity. These areas of expenditure are interdependent and we will update shareholders accordingly as our plans develop.

**JERSEY OIL AND GAS PLC**  
**CHIEF EXECUTIVE OFFICER'S REPORT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2019**

---

**Looking Forward**

JOG has rapidly evolved into a company in charge of its future. The Company has embarked on workstreams to progress an FDP seeking, subject to funding, to deliver a potential JOG-operated major new area hub development in the medium term in line with the OGA's MER strategy. We currently estimate that we are fully funded to compile and submit the requisite FDP. The proposed new area hub will be planned to incorporate the redevelopment of the Buchan oil field, together with the J2 oil discovery, with the potential to include the development of the Glenn oil field and the Verbier oil discovery as well as other discovered and yet-to-be-found resources in the GBA. First oil, subject to funding, will be targeted for 2024. JOG will evaluate and determine the optimal sustainable development plan, designed to deliver future phased and extended plateau production. JOG has recently commissioned a new CPR for the Buchan Blocks, which contain the Buchan and J2 fields, which will include a valuation assessment in addition to resource estimates for these discovered fields. Work continues with our co-venturers on the P2170 licence, combining the recent appraisal well results and data collected during operations with the fully processed new 3D broadband seismic survey data, in order to better understand the reservoir distribution of the primary target and additional exploration opportunities. Future appraisal or exploration drilling plans are anticipated to be made towards the end of the year.

As we move into the exciting phase of FDP work for our GBA area hub, we will be awarding contracts to key service providers and making a few select hires to ensure that JOG starts this project with the best available human and other resources. Our strong view is that a project's success is shaped by the front end and the more planning and preparation that can be done at this stage the better equipped we will be to deliver a successful outcome.

JOG's awards in the 31 SLR have significantly enhanced its resource base of discovered oil volumes. We have a very material and scalable project on our hands, which has the clear potential to deliver significant shareholder value beyond what we have already achieved. We are dealing with well-known, good quality, light oil fields and discoveries in a relatively benign and shallow part of the Central North Sea. These are within UK waters, near good surrounding infrastructure for export and represent a potentially valuable energy resource for both JOG and the UK. At the forefront of our plans will be our corporate vision to develop this vital resource sustainably, with due regard to environmental and social considerations, intertwined with a project that delivers on the OGA's MER objectives.



**Andrew Benitz**  
Chief Executive Officer

26 September 2019

**JERSEY OIL AND GAS PLC**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2019**

	Notes	6 months to 30/06/19 (unaudited) £	6 months to 30/06/18 (unaudited) £	Year to 31/12/18 (audited) £
<b>CONTINUING OPERATIONS</b>				
Revenue		-	-	-
Cost of sales		(451,997)	-	(609,925)
<b>GROSS LOSS</b>		<u>(451,997)</u>	<u>-</u>	<u>(609,925)</u>
Other income	6	750,000	12,038	12,037
Administrative expenses		(768,055)	(887,261)	(1,447,383)
<b>OPERATING LOSS</b>		<u>(470,052)</u>	<u>(875,223)</u>	<u>(2,045,271)</u>
Finance income		57,541	17,768	48,971
<b>LOSS BEFORE TAX</b>		<u>(412,511)</u>	<u>(857,455)</u>	<u>(1,996,300)</u>
Tax	9	-	-	-
<b>LOSS FOR THE PERIOD</b>		<u>(412,511)</u>	<u>(857,455)</u>	<u>(1,996,300)</u>
<b>OTHER COMPREHENSIVE INCOME</b>		-	-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<u>(412,511)</u>	<u>(857,455)</u>	<u>(1,996,300)</u>
Total comprehensive loss attributable to:				
Owners of the parent		<u>(412,511)</u>	<u>(857,455)</u>	<u>(1,996,300)</u>
<b>Profit/(Loss) per share expressed in pence per share:</b>				
Basic	10	(1.89)	(3.93)	(9.15)
Diluted		<u>(1.89)</u>	<u>(3.93)</u>	<u>(9.15)</u>

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 2019**

	Notes	30/06/19 (unaudited) £	30/06/18 (unaudited) £	31/12/18 (audited) £
<b>NON-CURRENT ASSETS</b>				
Intangible assets - Exploration costs	11	8,072,860	3,559,984	4,306,589
Property, plant and equipment	12	34,656	-	30,264
		<u>8,107,516</u>	<u>3,559,984</u>	<u>4,336,853</u>
<b>CURRENT ASSETS</b>				
Trade and other receivables	7	440,931	17,539	80,594
Cash and cash equivalents	13	15,527,814	22,085,291	19,782,511
		<u>15,968,745</u>	<u>22,102,830</u>	<u>19,863,105</u>
<b>TOTAL ASSETS</b>		<u>24,076,261</u>	<u>25,662,814</u>	<u>24,199,958</u>
<b>EQUITY</b>				
<b>SHAREHOLDERS' EQUITY</b>				
Called up share capital		2,466,144	2,466,144	2,466,144
Share premium account		93,851,526	93,851,526	93,851,526
Share options reserve		1,607,667	1,541,898	1,491,019
Accumulated losses		(74,075,390)	(72,524,034)	(73,662,879)
Reorganisation reserve		(382,543)	(382,543)	(382,543)
<b>TOTAL EQUITY</b>		<u>23,467,404</u>	<u>24,952,991</u>	<u>23,763,267</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Trade and other payables	8	608,857	709,823	436,691
<b>TOTAL LIABILITIES</b>		<u>608,857</u>	<u>709,823</u>	<u>436,691</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>24,076,261</u>	<u>25,662,814</u>	<u>24,199,958</u>

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

**JERSEY OIL & GAS PLC**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2019**

	Called up share capital £ (unaudited)	Share premium account £ (unaudited)	Share options reserve £ (unaudited)	Accumulated Losses £ (unaudited)	Re- organisation reserve £ (unaudited)	Total equity £ (unaudited)
<b>At 1 January 2018</b>	2,466,144	93,851,526	1,231,055	(71,666,579)	(382,543)	25,499,603
Loss for the period and total comprehensive income	-	-	-	(857,455)	-	(857,455)
Share based payments	-	-	310,843	-	-	310,843
<b>At 30 June 2018</b>	<u>2,466,144</u>	<u>93,851,526</u>	<u>1,541,898</u>	<u>(72,524,034)</u>	<u>(382,543)</u>	<u>24,952,991</u>
<b>At 1 January 2019</b>	2,466,144	93,851,526	1,491,019	(73,662,879)	(382,543)	23,763,267
Loss for the period and total comprehensive income	-	-	-	(412,511)	-	(412,511)
Share based payments	-	-	116,648	-	-	116,648
<b>At 30 June 2019</b>	<u>2,466,144</u>	<u>93,851,526</u>	<u>1,607,667</u>	<u>(74,075,390)</u>	<u>(382,543)</u>	<u>23,467,404</u>

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

<b>Reserve</b>	<b>Description and purpose</b>
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

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 2019**

	Notes	6 months to 30/06/19 (unaudited) £	6 months to 30/06/18 (unaudited) £	Year to 31/12/18 (audited) £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash used in operations	13	(534,053)	(1,145,862)	(2,698,361)
Net interest received		57,541	17,768	48,971
Net cash used in operating activities		<u>(476,512)</u>	<u>(1,128,094)</u>	<u>(2,649,390)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of intangible assets		(3,766,271)	(2,202,025)	(2,948,630)
Purchase of tangible assets		(11,914)	-	(34,879)
Net cash used in investing activities		<u>(3,778,185)</u>	<u>(2,202,025)</u>	<u>(2,983,509)</u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(4,254,697)</b>	<b>(3,330,119)</b>	<b>(5,632,899)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	13	<u>19,782,511</u>	<u>25,415,410</u>	<u>25,415,410</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	13	<u>15,527,814</u>	<u>22,085,291</u>	<u>19,782,511</u>

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

**JERSEY OIL AND GAS PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2019**

---

**1. GENERAL INFORMATION**

Jersey Oil and Gas plc (the "Company") and its subsidiaries (together, "the Group") are involved in the upstream oil and gas business in the U.K.

The Company is a public limited company, which is quoted on AIM, a market operated by 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 2019 and in accordance with the Disclosure and Transparency Rules of the Financial Conduct 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 2018, which have been prepared in accordance with IFRS as adopted by the European Union.

The Group is required to have sufficient resources to cover the expected running costs of the business for a period of at least 12 months after the issue of these financial statements. Further to the completion of the Verbier appraisal well programme, there are currently no firm commitments on the P2170 licence, other than ongoing Operator overheads and licence fees. The current cash reserves comfortably cover the costs on a 100 per cent basis of the Field Development Planning work that is being undertaken in respect of the Greater Buchan Area licences for a period of at least 12 months after the issue of these financial statements. Other work that the Group is undertaking in respect of the P2170 licence and surrounding areas is modest relative to its current cash reserves. The Group's current cash reserves are therefore expected to more than exceed its estimated liabilities. Based on these circumstances, the Directors have considered it appropriate to adopt the going concern basis of accounting in preparing its consolidated financial statements.

The reports for the six months ended 30 June 2019 and 30 June 2018 are unaudited and do not constitute statutory accounts as defined by the Companies Act 2006. The financial statements for 31 December 2018 have been prepared and delivered to the Registrar of Companies. The auditors' report on those financial statements was unqualified. 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.

IFRS 16 has come into effect with an effective date of 1 January 2019. IFRS 16 Leases, addresses the recognition in the balance sheet of each contract, with some exceptions, that meets the definition of a lease as a right of use asset and lease liability, while lease payments are to be reflected as interest expense and a reduction of lease liability. The Group has made the following transition choices in relation to IFRS 16: (a) application of the modified retrospective method, (b) right of use assets are measured at an amount equal to the lease liability and (c) leases with a less than 12 months remaining lease term at year end 2018 are not reflected as leases. The Group has made the following application policy choice: short term leases (less than 12 months) and leases of low value assets are not reflected in the balance sheet, but will be expensed as incurred.

The Group has assessed the impact of IFRS 16 on the financial statements of the Group and has identified two relevant contracts but due to their short term nature these leases will have no material impact on the financial statements of the Group.

There are no other IFRSs or IFRIC interpretations that are effective for the first time for the financial period beginning on or after 1 January 2019 that would be expected to have a material impact on the Group.

The Group's 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 the sale of goods.

**Exploration and evaluation costs**

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

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

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

**Exploration and evaluation costs (continued)**

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 on an individual license basis. If commercial reserves are discovered, the carrying value, after any impairment loss of the relevant assets, is then reclassified as Property, plant and equipment under Production interests and fields under development. If, however, commercial reserves are not found, the capitalised costs are charged to the Consolidated Statement of Comprehensive Income. If there are indications of impairment prior to the conclusion of exploration activities, an impairment test is carried out.

**Joint operations**

The Group participates in joint venture agreements with strategic partners. The Group accounts for its share of assets, liabilities, income and expenditure of these joint venture agreements and discloses the details in the appropriate Statement of Financial Position and Statement of Comprehensive Income headings in the proportion that relates to the Group per the joint venture agreement.

**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 any expected credit loss. The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of 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 administrative expenses. Subsequent recoveries of amounts previously provided for are credited against administrative expenses in the Consolidated Statement of Comprehensive Income.

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

**Share Based Payments**

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

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

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

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

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

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.

**JERSEY OIL AND GAS PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2019**

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

Maturity analysis of financial assets and liabilities

Financial Assets

	30/06/19 (unaudited) £	30/06/18 (unaudited) £	31/12/18 (audited) £
Up to 3 months	57,841	17,539	80,595
3 to 6 months	-	-	-
Over 6 months	-	-	-
	<u>57,841</u>	<u>17,539</u>	<u>80,595</u>

Financial Liabilities

	30/06/19 £	30/06/18 £	31/12/18 £
Up to 3 months	608,857	709,823	436,691
3 to 6 months	-	-	-
Over 6 months	-	-	-
	<u>608,857</u>	<u>709,823</u>	<u>436,691</u>

**6. OTHER INCOME**

	30/06/19 (unaudited) £	30/06/18 (unaudited) £	31/12/18 (audited) £
Carried costs reimbursement	-	12,038	12,038
Settlement agreement with Total E&P UK Limited	750,000	-	-
	<u>750,000</u>	<u>12,038</u>	<u>12,038</u>

**7. TRADE AND OTHER RECEIVABLES**

	30/06/19 (unaudited) £	30/06/18 (unaudited) £	31/12/18 (audited) £
Other receivables	657	67	67
Prepayments and accrued income	294,883	17,472	16,709
Joint venture debtor	83,069	-	-
Value added tax	62,322	-	63,818
	<u>440,931</u>	<u>17,539</u>	<u>80,594</u>

**8. TRADE AND OTHER PAYABLES**

	30/06/19 (unaudited) £	30/06/18 (unaudited) £	31/12/18 (audited) £
Trade payables	546,427	592,730	142,565
Accrued expenses	26,551	73,299	140,932
Other payables	-	3,279	130,905
Taxation and Social Security	35,879	40,515	22,289
	<u>608,857</u>	<u>709,823</u>	<u>436,691</u>

**9. 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 2019 due to trading losses. As at 31 December 2018, the Group held tax losses of approximately £30m.

**JERSEY OIL AND GAS PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2019**

**10. 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
<b>Period ended 30 June 2019</b>			
<b>Basic and Diluted EPS</b>			
Loss attributable to ordinary shareholders	<u>(412,511)</u>	<u>21,829,227</u>	<u>(1.89)</u>

**11. INTANGIBLE ASSETS**

	Exploration Costs £
<b>COST</b>	
At 1 January 2019	4,481,830
Additions	<u>3,766,271</u>
At 30 June 2019	<u>8,248,101</u>
<b>ACCUMULATED AMORTISATION</b>	
At 1 January 2019	<u>175,241</u>
At 30 June 2019	<u>175,241</u>
<b>NET BOOK VALUE at 30 June 2019</b>	<u>8,072,860</u>
All intangible asset additions and costs currently relate to licence P2170	

**12. PROPERTY, PLANT AND EQUIPMENT**

	Computer and office equipment £
<b>COST</b>	
At 1 January 2019	160,665
Additions	<u>11,914</u>
At 30 June 2019	<u>172,579</u>
<b>ACCUMULATED AMORTISATION, DEPLETION AND DEPRECIATION</b>	
At 1 January 2019	130,401
Charge for period	<u>7,522</u>
At 30 June 2019	<u>137,923</u>
<b>NET BOOK VALUE at 30 June 2019</b>	<u>34,656</u>

**JERSEY OIL AND GAS PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2019**

13. **NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS**

**RECONCILIATION OF LOSS BEFORE TAX TO CASH USED IN OPERATIONS**

	30/06/19 (unaudited) £	30/06/18 (unaudited) £	31/12/18 (audited) £
Loss for the period before tax	(412,511)	(857,455)	(1,996,300)
Adjusted for:			
Amortisation, impairments, depletion and depreciation	7,522	-	4,615
Share based payments (net)	116,648	310,843	259,964
Finance income	(57,541)	(17,768)	(48,971)
	<u>(345,882)</u>	<u>(564,380)</u>	<u>(1,780,692)</u>
Decrease in inventories	-	-	-
(Increase)/Decrease in trade and other receivables	(360,337)	338,568	275,513
Increase/(Decrease) in trade and other payables	172,166	(920,050)	(1,193,182)
<b>Cash used in operations</b>	<u><u>(534,053)</u></u>	<u><u>(1,145,862)</u></u>	<u><u>(2,698,361)</u></u>

**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:

<b>Period ended 30 June 2019</b>	30/06/19 (unaudited) £	30/06/18 (unaudited) £	31/12/18 (audited) £
Cash and cash equivalents	<u>15,527,814</u>	<u>22,085,291</u>	<u>19,782,511</u>
	<u><u>15,527,814</u></u>	<u><u>22,085,291</u></u>	<u><u>19,782,511</u></u>

14. **CONTINGENT LIABILITIES**

In accordance with a 2015 settlement agreement reached with the Athena Consortium, although Jersey Petroleum Limited remains a Licensee in the joint venture, any past or future liabilities in respect of its interest can only be satisfied from the Group's share of the revenue that the Athena Oil Field generates and up to 60 per cent. of net disposal proceeds or net petroleum profits from the Group's interests in the P2170 and P1989 licences which are the only remaining assets still held that were in the Group at the time of the agreement with the Athena Consortium who hold security over these assets. Any future repayments, capped at the unpaid liability associated with the Athena Oil Field, 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. A payment was made in 2016 to the Athena Consortium in line with this agreement following the farm-out of P2170 (Verbier) to Equinor and the subsequent receipt of monies relating to that farm-out.

15. **RELATED PARTIES**

During the period, Jersey Oil and Gas plc made loans available to its wholly owned subsidiaries. The balances outstanding at the end of the period are Jersey Petroleum Ltd £75,490,919 (2018: £71,735,593) and Jersey Oil & Gas E&P Ltd £1,767,898 (2018: £1,501,788). At the end of the period, Jersey Oil and Gas plc owed Jersey North Sea Holdings Ltd £211,676 (2018: £211,676). During the period, the Company also charged management fees to Jersey Petroleum Ltd amounting to £550,643 (2018: £272,068).



**JERSEY OIL & GAS PLC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED 30 JUNE 2019**

---

**16. POST BALANCE SHEET EVENTS**

In July 2019, Jersey Petroleum Limited, a subsidiary of Jersey Oil and Gas plc, was awarded, subject to documentation, 100% working interests and operatorship of three blocks in the OGA's 31<sup>st</sup> Supplementary Offshore Licensing Round. This Greater Buchan Area ("GBA") acreage awarded to JOG includes the Buchan oil field and the J2 (well 20/5a-10Y) oil discovery. The acreage awarded is contiguous with JOG's existing interest in Licence P2170 (Blocks 20/5b and 21/1d) which contains the 2017 Verbier (J62-J64) oil discovery with a low case operator estimate of approximately 25 mmboe of discovered resource in addition to significant identified prospective resources, in which JOG holds an 18% working interest alongside the operator, Equinor UK Limited (70%), and co-venturer CIECO V&C (UK) Limited (12%). In August 2019, Jersey Petroleum Limited was awarded, subject to documentation, 100% working interest and operatorship of Block 21/2a in the OGA's 31<sup>st</sup> Supplementary Offshore Licensing Round. The additional acreage awarded to JOG, subject to documentation, includes the Glenn oil discovery. Together with its interest in the Verbier discovery, the new GBA acreage provides JOG with a significant opportunity to potentially establish and operate a future major new area development to access more than 120 mmboe of discovered mean recoverable resources plus in excess of 300 mmboe of identified mean prospective resources that are estimated to be present in the GBA.

The Company has now commenced work to progress a Field Development Plan ("FDP") seeking, subject to funding, to deliver a potential JOG-operated major new area hub development in the medium term in line with the OGA's Maximum Economic Recovery ("MER") strategy. JOG is currently fully funded to compile and submit the requisite FDP. This proposed new area hub will be planned to incorporate the redevelopment of the Buchan oil field, together with the J2 oil discovery, with the potential to include the development of the Verbier discovery as well as other discovered and yet-to-be-found resources in the GBA. First oil, subject to funding, will be targeted for 2024. JOG will evaluate and determine the optimal sustainable development plan, designed to deliver future phased and extended plateau production.

The Buchan oil field was discovered by BP plc in the mid-1970s and came onstream in 1981. Production continued until May 2017, when the Buchan Alpha platform was no longer compliant with the current Safety Case, by which point a total of 148 million barrels had been produced. Buchan oil is a light 33.5° API oil with low GOR (285 scf/bbl). JOG estimates that over 80 million barrels of recoverable oil volumes remain to be produced from the field.

JOG also announced in July 2019 that Equinor and JOG had agreed and entered into a three month option agreement under which Equinor was granted an option over a 50% equity interest in respect of Blocks 20/5d and 21/1a (the "Buchan Blocks"), which contain the Buchan oil field and J2 oil discovery. Should the option be exercised, JOG shall act as Licence Operator in respect of the Buchan Blocks and Equinor will reimburse JOG for its 50% share of costs in relation to the licence applications.

**17. AVAILABILITY OF THE INTERIM REPORT 2019**

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](http://www.jerseyoilandgas.com). Jersey Oil and Gas plc is registered in England and Wales with registration number 7503957.