PROGRESS. INTO PRODUCTION. INTO NIGERIA. INTO NEW ASSETS.

San Leon Energy plc
Annual Report and Accounts 2015

A TRANSFORMATIONAL YEAR FOR SAN LEON

PROGRESS COMES IN MANY FORMS, IN MANY PLACES.

For San Leon, from deal preparation in 2015 through to deal execution in 2016 (subject to shareholder approval), it was a game-changing project in Nigeria. A deal which would make us grow into a different company, taking us into production and cash flow. A deal which would let us share new value with our shareholders, with our partners, and with the local communities where we operate.

NEW TERRITORIES, NEW VENTURES

OUR PROPOSED NEW NIGERIAN PRODUCTION ASSETS OPEN UP A NEW WORLD. THIS IS A NEW SAN LEON.

The Niger Delta is an oil and gas-rich area the size of Ireland. Here lies OML 18, a world-class asset larger than the country of Bahrain, the pivot of San Leon's 2015-2016 proposed transformation.

A NEW DEAL – OML 18

THE PLANNED ENTRY INTO A WORLD-CLASS ASSET IN NIGERIA

San Leon's 2015-16 restructuring (subject to shareholder approval) revolved around OML 18, a 1,035 km^2 mangrove swamp licence located in the southern Niger Delta near Port Harcourt.

OML 18 (for "Oil Mining Lease 18") has 9 discovered fields, with 4 currently producing, and infrastructure including flow stations together with oil and gas pipelines.

Since Eroton, its Operator, purchased 45% in 2015 from Shell, Total and Agip for a total consideration of approximately $1.1 billion and became the operator of the asset, OML 18 has achieved a substantial increase in production – from approximately 10,000 bopd (barrels of oil per day) in March 2015 to approximately 50,000 bopd in May 2016 as well as more than 50 mmscf/d (million standard cubic feet per day) of gas. In the development plans currently being finalised for OML 18, the intention is to increase production to in excess of 100,000 bopd.

A NEW FUTURE FOR A NEW SAN LEON

The OML 18 deal, if approved by shareholders, is expected to underpin the future cash flow of San Leon.

The OML 18 operator is executing a low-risk infrastructure and development plan, which includes:

- 2016 & 2017: Re-entry and workover program to continue
- mid 2017: Low-risk infill drilling to start
- 2018 & 2019: Non-associated gas wells to be drilled

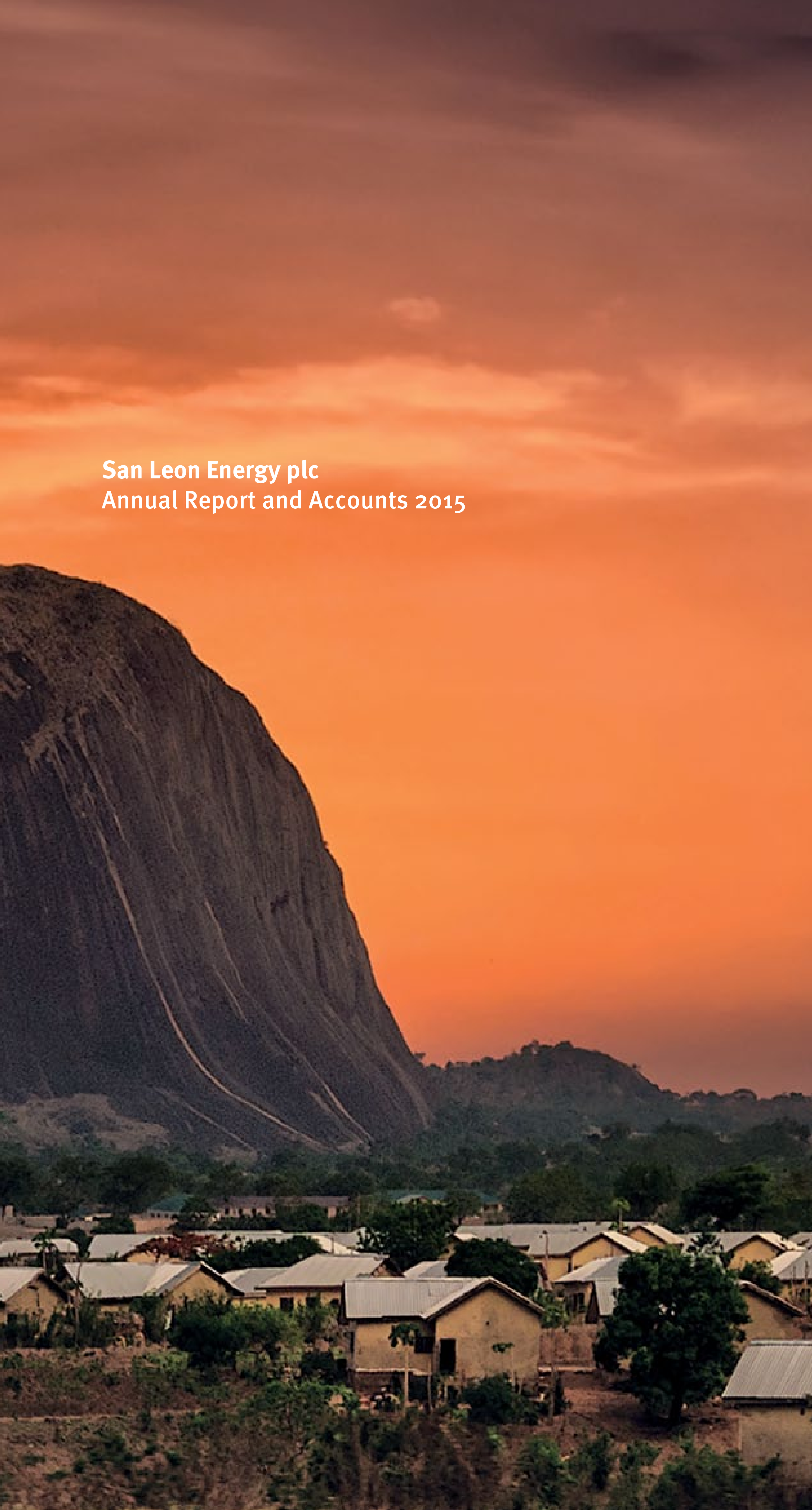
This plan is expected to enable significant distributions to shareholders, once share capital / share premium is reduced at Plc level through an application to the Irish courts.

San Leon expects to receive revenues associated with its right to provide drilling and workover rig services to Eroton in its capacity as the OML 18 Operator.

PROGRESS. INTO PRODUCTION. INTO NIGERIA. INTO NEW ASSETS.

Zuma Rock, near Nigeria's capital, is twice as high as Australia's famous Ayers Rock (Uluru Rock). It is a striking reminder of Nigeria's scale and of its geological riches.

San Leon Energy plc
Annual Report and Accounts 2015



HIGHLIGHTS / CONTENTS

pg 10

San Leon is a progressive oil and gas company which develops conventional and unconventional assets in Africa and Europe, from exploration to monetisation.

For San Leon, transaction planning in 2015 and execution (subject to shareholder approval) in 2016 constituted a period when our company prepared to transform around a major Nigerian deal which would bring our shareholders a significant change in size and a move into new territories, production and cashflow.

OVERVIEW

STRATEGIC REPORT

We are committed to securing cash flow for our shareholders. In this section we set out our strategy, the progress we have made and our current operational focus.

GOVERNANCE

We work to strict standards of governance and responsibility.

FINANCIAL STATEMENTS

Loss for the year was €213.4 million. Net assets decreased by €173.7 million as the portfolio was restructured in line with commodity prices and the Company's entry into Nigeria.

OML 18

A WORLD-CLASS ASSET, ONSHORE NIGERIA.

OML 18 covers an area of 1,035 km² of mangrove swamp in the Southern Nigeria delta – larger than the country of Bahrain. This world-class resource of oil, natural gas and condensate includes the Alakiri, Awoba (50% interest, field straddles two blocks), Cawthorne Channel, Krakama, and Buguma Creek fields and related facilities. Crude oil production is exported through the nearby Shell-operated Bonny Crude Oil Terminal. Gas production is delivered to the adjacent Notore Petrochemical Plant via the Nigeria Gas Company's pipeline. The presence of extensive existing gas infrastructure is important.

Approximately 140 wells have been drilled on OML 18, and four fields are currently in production. Gross crude oil production from OML 18 increased from around 10,000 bopd (barrels of oil per day) in March 2015 to approximately 50,000 bopd in May 2016, as well as more than 50 mmscf/d (million standard cubic feet per day) of gas, as the initial stages of a comprehensive well reactivation programme were executed. This programme will be expanded to an extensive workover and infill well drilling programme. In the development plans currently being finalised for OML 18, the intention is to increase production to in excess of 100,000 bopd.

$95

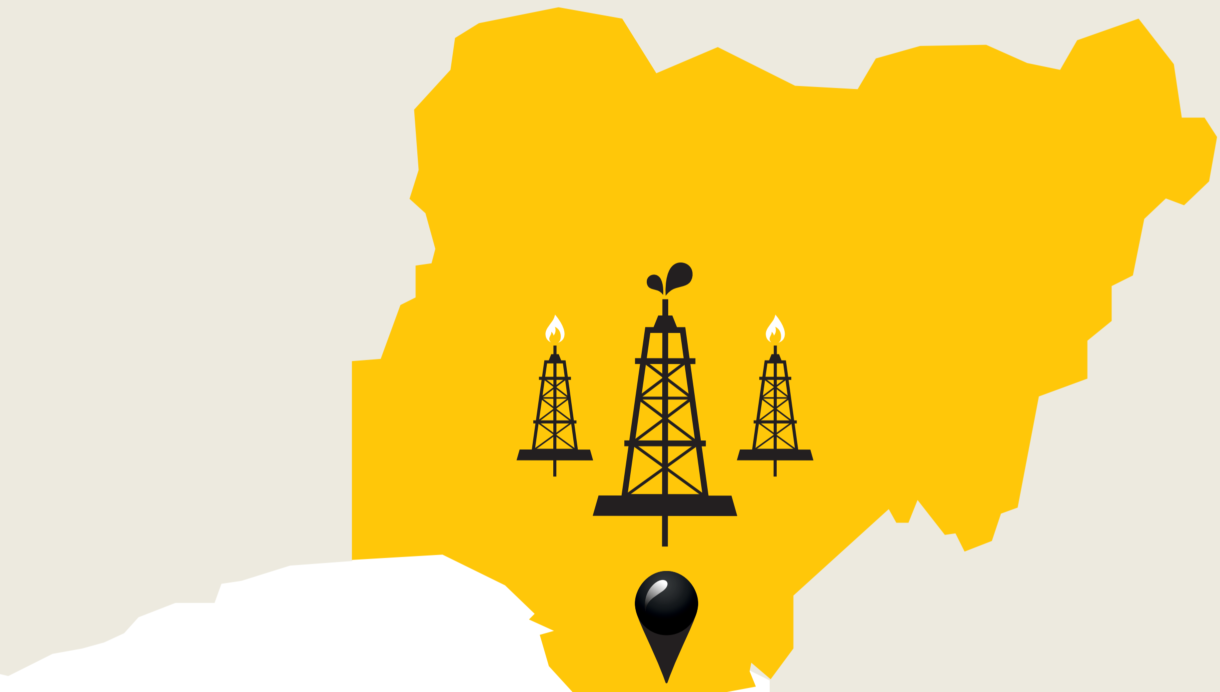
A significant portion of production is covered by a hedge at $95 per barrel until December 2017

600M

OML 18 2P reserves are nearly 600 million barrels of oil and 4 Tscf of gas. 2C contingent resources are more than 200 billion barrels of oil and nearly 2 Tcf of gas. Significant exploration upside also exists

65%

San Leon will receive (subject to equity placing and shareholder approval) a minimum 65% cash sweep (versus its 40% equity interest in BidCo*) of the available funds distributed to BidCo from OML 18's production proceeds for four years, to ensure repayment of initial investment plus interest



* Midwestern Leon Petroleum Limited, a Mauritian incorporated special purpose vehicle, established for the purpose of holding the combined OML 18 interest of both San Leon Energy and Midwestern Oil & Gas Limited. On completion, San Leon will hold 40% and Midwestern will hold 60% of BidCo, subject to placing completion and shareholder approvals.

SOME OF OUR

KEY ASSETS

From new frontiers to near-term production, from conventional to unconventional, onshore and offshore, our assets cover the whole value chain and share two characteristics: scale and early-mover advantage.

OIL

GAS

TIGHT OIL

TIGHT GAS

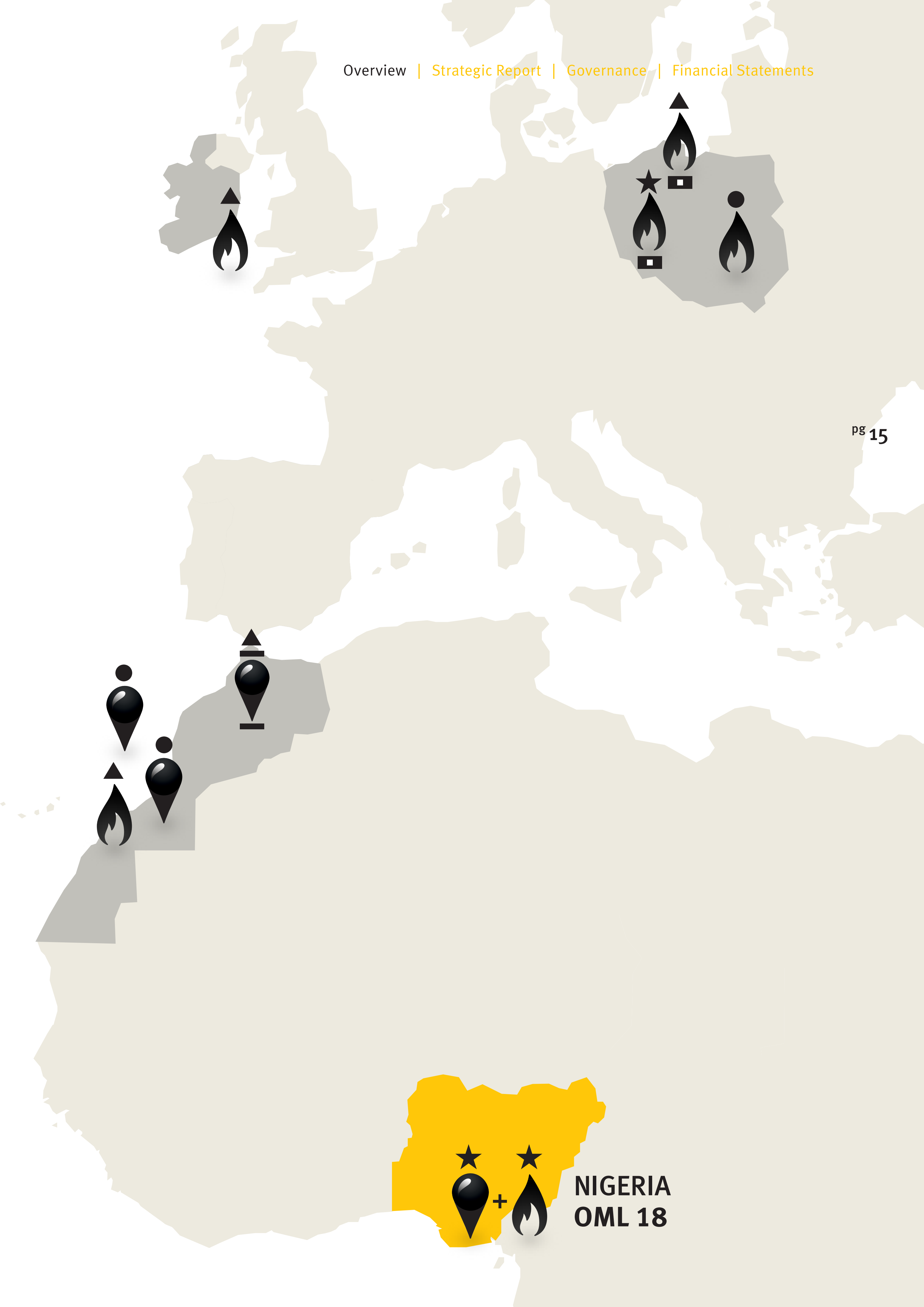
OIL SHALE

◆ LONG-TERM PROJECTS

▲ APPRAISAL & READY TO DEVELOP

● EXPLORATION ASSETS

★ NEAR-TERM INCOME


NIGERIA
OML 18

CHAIRMAN'S REVIEW

"2015 was the year to plan to acquire assets, with the whole energy industry depressed. The Nigerian OML 18 deal proposed in 2016 certainly was not easy to achieve, but it was worth it: a new world opens up to San Leon and its shareholders."

Oisín Fanning
Executive Chairman

PROGRESS IS NOT A WALK IN THE PARK. It is more like an uphill run on a scree, faster and faster to keep climbing, each step threatening to drag you back down. It is a race against the clock, forward and upward always. This is what 2015 felt like for San Leon. A year that positioned San Leon to be stronger, more valuable and with a bright future.

We took advantage of the crisis that brought down the price of oil and gas assets to move aggressively. We put together a deal with Eroton and Midwestern, two major Nigerian players, to acquire a 9.72% indirect economic interest in the world-class onshore OML 18 block in Nigeria.

We structured and marketed a proposed equity raise to complete the deal, which will be voted on by shareholders in the near future.

Last year we promised shareholders that we would focus on appraisal and production assets, and in particular production. The proposed OML 18 deal is expected to achieve this in a highly material fashion, subject to shareholder approval. Full details of the announced deal structure will be provided in the AIM re-admission document, and highlights are given below:

- Expected transformational cash flow impact on the Company will enable 50% of free cash flow to be returned to shareholders via dividend and/or share buyback
- San Leon's investment is to be made through a $173 million loan instrument which will be repaid, with 17% per annum interest, over four years
- Three sources of cash flow to San Leon from the deal:
    1. Loan repayments (principal plus interest)
    2. Dividends from indirect economic interest in OML 18
    3. Right to provide workover and drilling rig services to the operator
- Acquisition to be funded through a minimum $200 million equity placing
- OML 18 is producing ~50,000 bopd, with a low risk development plan to reach 100,000 bopd
- Hedge at $95 per barrel of oil with Shell for around 35% of expected 2P production until the end of 2017
- Significantly reduced theft or supply disruption through engagement with local community and indigenous operating partners
- Former Head of Shell Nigeria joining the San Leon Board as Non-Executive Chairman, with other Board changes appropriate to the post-deal Company.

CHAIRMAN'S REVIEW

POLAND

Rawicz, expected to be the largest gas development in Poland for 20 years, continues to succeed. The second appraisal/development well on the structure was drilled in 2015 and tested in 2016, and first gas from an initial well stock of at least 3 wells is expected in early 2017.

Other operational activity in Poland has been limited, in response to low commodity prices and a difficult transaction environment for exploration and appraisal assets. Various non-core assets, particularly those which were early-stage exploration and which therefore no longer fit with the Company's focus on cash flow, have been fully or partly relinquished.

MOROCCO

The Laayoune-4 well on the onshore Tarfaya licence, targeting the conventional Tertiary sandstone, was drilled in summer 2015 and encountered gas shows. ONHYM and the Company now intend to apply for a long licence, which may include 3D seismic over the broader structure (including the existing well), and the well may also be re-entered.

Elsewhere in Morocco activity has been limited to technical analysis. Our interest in the offshore Sidi Moussa licence is available for farm out, and the operator (Genel Energy) is focussing its offshore efforts there. Spending on the Tarfaya oil shale licence has been restricted, pending a recovery in the oil price.

CORPORATE

Once again the Company recorded no Lost Time Incidents (LTIs) for the year, reflecting the priority placed by all staff and contractors on HSEQ.

The major step for your Company comes with the proposed Nigerian deal announced after the reporting period in January 2016, and the proposed placing at a significant premium to the price at suspension. The expected fiscal strength of the Company as a result of a completed Nigerian deal has encouraged the Company to put in place a policy for returning 50% of Nigerian asset free cash flow to investors for the next 5 years.

San Leon raised £29 million via a placing, in the middle of 2015. These funds enabled the drilling of the Tarfaya conventional well, the retention of the Barryroe NPI, provided working capital, and – as foreseen in the Placing documentation – positioned the Company for the proposed Nigerian production deal. As part of that move towards a production focus, and also reflecting the downturn in the industry, the Company announced various licence exits (particularly on early-stage exploration) to reduce overheads and avoid distraction of effort, and that portfolio optimisation continues. As a result, €166.9m of assets were impaired during 2015, resulting in a loss for the year after providing for depreciation and taxation of €213.4m. As at 31 December 2015, cash and cash equivalents was €0.9m, and the Company has access to several sources of funding which satisfies the Directors that the Company continues as a going concern.

Other items reflected in the accounts are firstly that short-term financing was required during 2015, as detailed in finance expenses. Secondly, various Company subsidiaries (the “Subsidiaries”) have been unsuccessful in their appeal against the findings of the International Court of Arbitration of the International Chamber of Commerce, in relation to the arbitration between the Subsidiaries and Avobone N.V. and Avobone Poland B.V..

The Subsidiaries appealed the ICC findings to the UK Commercial Court in October 2015. The findings of the Court, received by the Company on 4 February 2016 but not conclusive until 11 February, were that the Subsidiaries’ leave to appeal was dismissed. Accordingly, the Company has provided for the award.

For several months around the end of 2015 the Company was in a formal offer period, having received an approach. That approach was subsequently withdrawn.

The Company’s wholly-owned subsidiary, NovaSeis, signed a Memorandum of Understanding with Northbridge, an indigenous Nigerian technical company, with the aim of developing a seismic acquisition, processing and interpretation business in Nigeria. NovaSeis performed a considerable amount of such European and North African work since 2011 both internally to San Leon and to third parties.

OUTLOOK

In the current industry climate, securing cash flow is key. Subject to shareholder approval, the Nigeria deal is expected to provide exactly that. The Directors believe your Company will become one of the largest E&P companies on AIM, and one of very few paying dividends and/or undertaking share buybacks.

"Our proposed OML 18 project has all the essential components of success: a proven ability to increase production, quality of operatorship, good community relationships, a supportive and reliable partner and several material cash flow streams."

Joel Price
Chief Operating Officer

MOROCCO

Oil shale development

The 36 km² Timahdit oil shale block onshore Morocco is an asset being kept for the future, when oil prices recover and an update to the existing pre-feasibility study for developing the asset is warranted.

FRANCE

Shale gas licences

In France, San Leon continues to apply for over 2.4 million acres (c9,000 km²) of licences – licence applications which have been made at very low cost.


OIL SHALE
COULD SUPPLY
11,000
BARRELS
OF OIL PER DAY
TO SAN LEON FOR
20 YEARS
ONCE DEVELOPED

ALBANIA

Offshore

The Company is in discussions with the Ministry regarding the next stages on its offshore Albania Durresi block. A large suite of data, including modern 3D seismic, defines the large oil and gas target (near to the A4-1X discovery well) in relatively deep water. San Leon continues to seek a partner to drill the structure.

MOROCCO

Offshore

The Genel-operated Sidi Moussa block (San Leon net 10.0% interest) is the subject of farm out activity by the operator, with the prospect of further well activity.

Onshore (Zag)

Zag is a large licence on which technical works continues to evaluate its potential.

EXPLORATION ASSETS

POLAND

Baltic Basin

2014 saw testing on the Company's 100%-owned Lewino-1G2 shale gas well, on the Gdansk W concession, providing the best single frac on a vertical gas well in Europe. The concession requires a follow-up horizontal well with multiple fractures (much of the planning for which is complete), and a partner is being sought to perform that work to enable a proper evaluation of the level of commerciality of the 220,000 acres.

The Sczcawno concession, further to the south in a region with dry gas, has a vertical well already drilled into its shale target, and awaits fraccing and testing.

Siekierki, in the Permian Basin, is a tight gas field on which the Company has an agreement for Palomar Natural Resources ("Palomar"; the operator, with 65% equity) to perform workovers on three existing wells.

IRELAND

Offshore

San Leon's 4.5% Net Profit Interest (NPI) on the Barryroe oil field provides access to future revenue streams with no additional capital required. A CPR was produced by the operator in 2013, and the operator continues efforts to farm out the asset to enable the next wells to be drilled.

MOROCCO

Onshore

Laayoune-4 was drilled as a commitment well targeting Tertiary channel sands on the onshore Tarfaya licence. It is in an excellent location for gas marketing, and believed to be part of a larger structure. The well encountered gas shows and has been suspended pending possible re-entry. In the meantime the Company intends to apply in conjunction with ONHYM for a long licence extension on Tarfaya, which may include a significant 3D seismic programme over the broader structure, including the Laayoune-4 well.

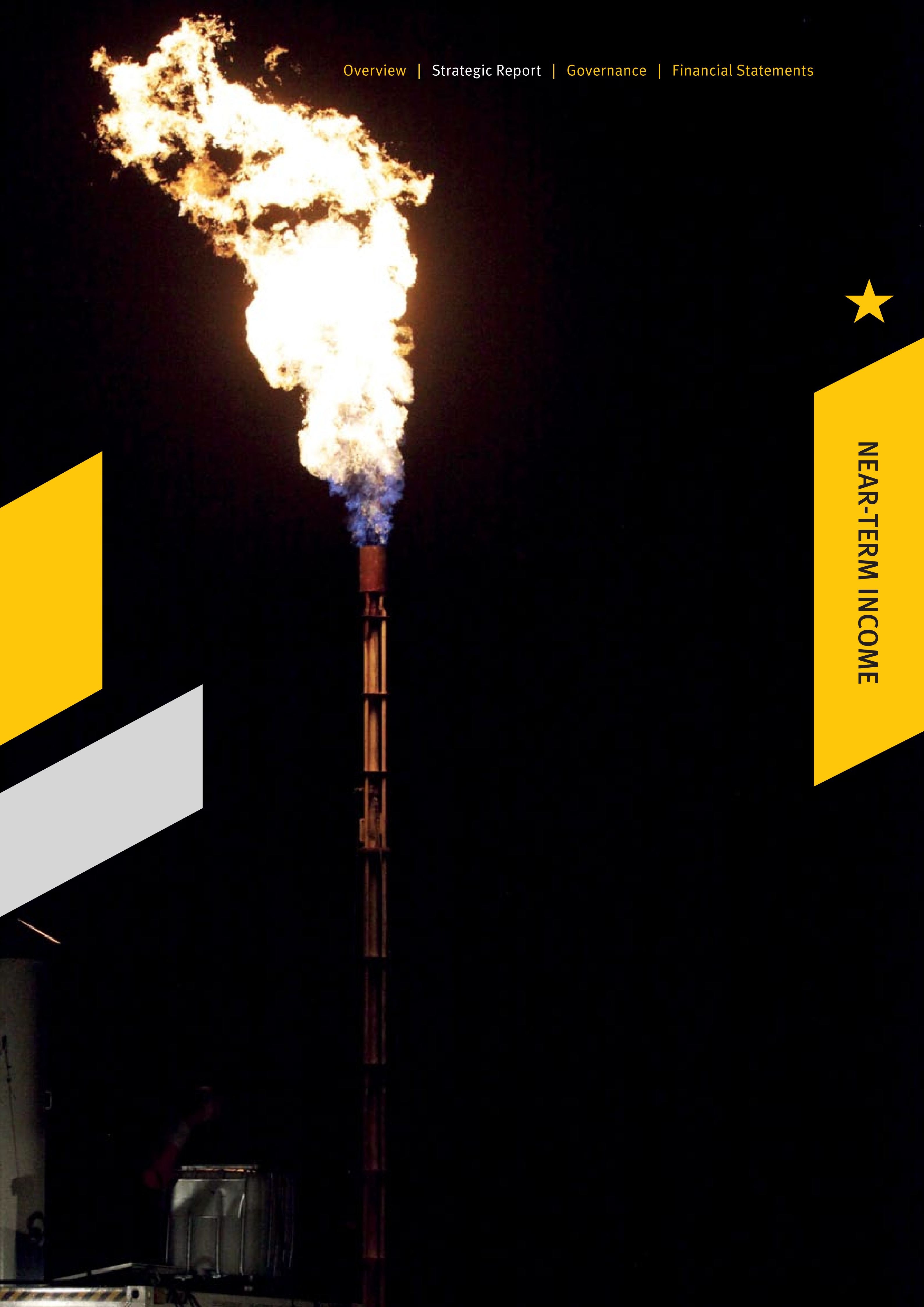
APPRAISAL AND READY TO DEVELOP

THE BEST SINGLE FRAC

ON A VERTICAL GAS WELL IN EUROPE

POLAND

Rawicz-15, the second appraisal/development well on the onshore Poland Rawicz gas field, was drilled during 2015 by the operator, Palomar. It was subsequently tested in early 2016 and produced 3.6 mmscf/d, confirming the producibility of the reservoir on the western side of the structure and providing further evidence of volumes. Palomar is finalising a full development plan to be submitted to the Polish Government for approval. The operator's development plan envisages at least three wells available for first production (including Rawicz-12 and Rawicz-15), now expected in early 2017, which would bring onstream the largest gas development in Poland for 20 years.



NEAR-TERM INCOME

PROGRESS. WE PROMISED IT. WE ARE DELIVERING IT.

Subject to shareholder approval, San Leon's share of future net cash flows generated from OML 18 is expected to support a dividend policy, which will be subject to typical distribution conditions, including a court-sanctioned reduction in share capital/share premium. San Leon will be targeting to return to shareholders, via either dividends or share buybacks, **approximately 50% of available Plc cash flow for a period of five years** from receipt of first cashflow from BidCo.

BOARD OF DIRECTORS

Oisín Fanning
Executive Chairman

Background and experience

Oisín has almost 30 years' experience in structured finance, stockbroking and corporate finance, with 12 years specialising in the oil and gas industry.

Formerly CEO of Astley & Pearce Ltd., MMI Stockbrokers, and Smart Telecom Plc, Oisín was closely involved with the restructuring of Dana Petroleum Plc in the early 1990s. He was also a major supporter of Tullow Oil Plc in its early growth phase.

Key strengths

Oisín is both visionary and deeply practical in pursuing business goals on behalf of stakeholders. He recognises the importance of finding and developing talented people to achieve a clear set of objectives.

Committee memberships

Member of Nominations Committee.

Paul Sullivan
Managing Director

Paul Sullivan gained substantial banking experience over 30 years, before joining San Leon as Commercial Director. He became Managing Director in 2010.

Previously, Paul gained extensive Corporate Treasury and Operations experience through senior appointments with leading financial institutions. These included Nordbanken NY, Standard Chartered Bank, Dublin and BNP Paribas in Dublin.

Paul is well qualified to acquire and integrate San Leon's corporate acquisitions, acquire licences and exploit the potential of both conventional and shale assets.

Member of Nominations Committee.

Daniel Martin
Non-Executive Director

Daniel is a London-based commercial lawyer and graduate of Cambridge University, the University of South Carolina, and the American University Law School in Washington, DC.

He has extensive legal and corporate finance experience – this includes having acted as a legal advisor to Nissan, Chrysler and Texaco. Daniel is a co-founder and Director of Green Corporate Finance and is also a member of South Carolina Bar.

Daniel has considerable skills and expertise in both commercial law and corporate finance.

Member of Remuneration, Audit and Risk and Safety Committees.

Piotr Rozwadowski
Non Executive Director

Piotr is President of the Board and Managing Director of Belos-PLP SA, a leading Polish producer of components for overhead power lines and a subsidiary of NASDAQ-listed Preformed Line Products Company. Piotr is also former Vice Minister of State for the Treasury of Poland where he was responsible for the energy and telecoms sectors.

He has also worked as a consultant for AT Kearney and Roland Berger Strategy Consultants and was previously on the board of Aurelian Oil & Gas plc, recently acquired by San Leon Energy. Piotr graduated with an MSc in Electrical Engineering from the Silesian University of Technology in Poland and also holds an MBA from the University of Central Lancashire.

Piotr has over 25 years' experience working in the energy sector in Poland and has held senior positions with a number of companies in the Polish electrical and power sectors.

Member of Risk and Safety Committees.

Ray King
Company Secretary

Ray is a qualified Chartered Secretary, Banker, Compliance Officer and has considerable experience in IT and Finance.

As a Chartered Secretary with 40 years' experience, much of it with a large City bank, he has acted as Company Secretary and in various senior Executive and Non-Executive Director roles for companies which have been brought to the AIM, Nasdaq and Plus.

Ray is a highly experienced and seasoned Company Secretary with considerable experience of listed entities. He is a Fellow of the Institute of Chartered Secretaries and Administrators, the Chartered Institute of Bankers and the Institute of Financial Accountants. He is also qualified as a Chartered Information Technology Professional and has achieved the Certificate of Regulated Insurance.

Member of Risk and Safety and Nominations and Audit Committees.

DIRECTORS' REPORT

for the year ended 31 December 2015

The Directors present their annual report together with the audited financial statements of San Leon Energy Plc ("the Company") and its subsidiaries (collectively "the Group") for the year ended 31 December 2015.

Principal activity and future developments
The principal activity of the company is the exploration and production of oil and gas.

A detailed review of activities for the year and future prospects of the Group is contained in the Chairman's Statement and Operating Review.

Results and dividends
The Group loss for the year after providing for depreciation and taxation amounted to €213.4 million (2014: loss of €38.3 million). Net assets of the Group at 31 December 2015 amounted to €77.1 million (2014: €250.8 million). No dividends are proposed by the Directors.

Principal risks and uncertainties
The Group's principal areas of oil and gas exploration activity are in Poland, Morocco and Albania. The Group has a management structure and system of internal controls in place designed to identify, evaluate, manage and mitigate business risk. Details of the principal financial risks are set out in Note 30. Other risks and uncertainties are considered to be the following:

Exploration risk
Exploration and development activities may be delayed or adversely affected by factors outside the Group's control, in particular, climatic conditions, performance of joint venture partners or suppliers, availability of drilling and other equipment, delays or failures in installing and commissioning plant and equipment, unknown geological conditions, remoteness of location, actions of host governments or other regulatory authorities (relating to, inter alia, the grant, maintenance or renewal of any required authorisations, environmental regulations or changes in law).

Commodity price risk
The demand for, and price of oil and gas is dependent on global and local supply and demand, actions of governments or cartels and general global economic and political developments.

Political risk
As a consequence of activities in different parts of the world, the Group may be subject to political, economic and other uncertainties, including but not limited to terrorism, war or unrest, changes in national laws and energy policies and exposure to different legal systems.

Environmental risk
Environmental and safety legislation may change in a manner that may require stricter or additional standards than those now in effect, which could result in heightened responsibilities for the Group and potentially increased operating costs.

Financial risk management
The Group's multinational operations expose it to different financial risks that include foreign exchange risk, credit risk, liquidity risk, interest rate risk, and equity price risk. The Group has a risk management programme in place which seeks to limit the impact of these risks on the performance of the Group and it is the policy to manage these risks in a non-speculative manner.

Currency risk
Although the reporting currency is Euro, significant transactions denominated in other currencies are entered into by the Group including exploration expenditure, other costs and equity funding, thus creating currency exposures for the Group.

Going concern risk
As set out in Note 1 to the financial statements, there are a number of assumptions underlying the Group's cash flow projections which indicate the existence of a material uncertainty which may cast significant doubt on the Group and the Company's ability to continue as a going concern.

Share price
The share price movement in the year ranged from a low of Stg£0.2735 to a high of Stg£1.61. The share price at 31 December 2015 was Stg£0.34.

Directors

The directors of San Leon Energy Plc, all of whom served for the full year, except where indicated, are as follows:

Oisín Fanning, Executive Chairman
Paul Sullivan, Managing Director
Raymond King, Non-Executive Director and Company Secretary
Daniel Martin, Non-Executive Director
Jeremy Boak, Non-Executive Director (resigned 22 July 2015)
Piotr Rozwadowski, Non-Executive Director (resigned 5 May 2016)

In accordance with the Articles of Association, Raymond King and Paul Sullivan retire from the board by rotation and being eligible offer themselves for re-election.

Directors and their interests

The Directors and Secretary who held office at 31 December 2015, except where indicated, had no interests other than those shown below in the Ordinary Shares of the Company. All interests are beneficially held by the directors.

Director	Number of Ordinary Shares 28/06/16 <	31/12/15 <	01/01/15 <
Oisín Fanning	818,926#	818,926	818,926
Paul Sullivan	608,400	608,400	608,400
Raymond King	–	–	–
Jeremy Boak+	–	–	–
Daniel Martin	11,345	11,345	11,345
Piotr Rozwadowski~	–	–	–

< Adjusted to reflect the share consolidation in July 2015. Further details are provided in Note 24.
Oisín Fanning is also due 1,167,183 ordinary shares in lieu of 80% of his salary for the year ended 31 December 2015.
+ Resigned 22 July 2015.
~ Resigned 5 May 2016.

Share options

Details of share options granted to the Directors are as follows:

Director	Options at 01/01/15 <	Granted in year	Exercised in year	Lapsed in year	Options at 31/12/15	Exercise price <	Expiry date
Oisín Fanning	25,000	–	–	–	25,000	£11.00	04/02/16
	30,000	–	–	–	30,000	£11.00	14/11/18
	50,000^	–	–	–	50,000	£35.00	25/07/17
	35,000^	–	–	–	35,000	£35.00	13/02/18
	2,500	–	–	–	2,500	£25.00	29/12/17
	55,000*	–	–	–	55,000	€5.00	14/11/18
	35,000	–	–	–	35,000	£13.00	20/03/19
	55,000*	–	–	–	55,000	€5.00	06/07/19
Paul Sullivan	20,000	–	–	–	20,000	£11.00	04/02/16
	50,000^	–	–		50,000	£35.00	25/07/17
	2,500	–	–	–	2,500	£25.00	29/12/17
	25,000^	–	–		25,000	£35.00	13/02/18
	2,500	–	–	–	2,500	£11.00	14/11/18
	27,500	–	–	–	27,500	£11.00	14/11/18
	40,000*	–	–	–	40,000	€5.00	14/11/18
	30,000	–	–	–	30,000	£13.00	20/03/19
	40,000*	–	–	–	40,000	€5.00	06/07/19
Raymond King	10,000	–	–	(10,000)	–	€5.00	22/09/15
	10,000	–	–	–	10,000	£11.00	04/02/16
	2,500	–	–	–	2,500	£25.00	29/12/17
	2,500	–	–	–	2,500	£11.00	14/11/18
	15,000	–	–	–	15,000	£13.00	20/03/19
Daniel Martin	–	–	–	–	–	–	–
Piotr Rozwadowski~	–	–	–	–	–	–	–

< Adjusted to reflect the share consolidation in July 2015. Further details are provided in Note 24.
^ The 100,000 (2014: 100,000) options granted at £35.00 in 2010 and the 60,000 (2014: 60,000) options granted at £35.00 in 2011 are only exercisable on fulfilment of a market condition requiring the Company share price to exceed £100.00 and £120.00 respectively for a period of thirty days.
* Options vest subject to achievement of a production target of over 501 barrels of oil equivalent per day within the life of the option.
~ Resigned 5 May 2016.

All other options vest immediately on grant.

DIRECTORS' REPORT continued

for the year ended 31 December 2015

Transactions involving Directors

Contracts and arrangements of significance during the year in which Directors of the Company were interested are disclosed in Note 29 to the financial statements.

Significant shareholders

The Company has been informed that, in addition to the interests of the Directors above, at 31 December 2015 and at 28 June 2016, the following shareholders own 3% or more of the issued share capital of the Company:

	Percentage of issued share capital	
	28/06/16	31/12/15
Toscafund Asset Management LLP	**41.47%**	41.47%
OWG Plc	**8.66%**	8.66%
The Capital Group Companies Inc	**6.48%**	6.48%
Quantum Partners LP	**3.50%**	3.50%

The Directors are not aware of any other holding of 3% or more of the share capital of the Company.

Group undertakings

Details of the Company's subsidiaries are set out in Note 14 to the financial statements.

Political donations

There were no political donations made during the current or prior year.

Going concern

The Directors have reviewed budgets, projected cash flows and other relevant information, and on the basis of this review, are confident that the Company and the Group will have adequate financial resources to continue in operational existence for the foreseeable future which covers a period of at least twelve months from the date of approval of these financial statements.

Further details on the assumptions in the cash flow projections are provided in Note 1 to the financial statements.

The Directors have discussed the assumptions and basis of preparation of the projections and, having considered the financial resources available, believe that it is appropriate to prepare the financial statements on the going concern basis.

Corporate Governance

The Directors are committed to maintaining high standards of corporate governance consistent with the size, nature and stage of development of the Company. The Board is accountable to Shareholders for good corporate governance and has adopted the procedures below in this regard.

The Board

At the date this Annual Report is published, the Board comprises two executive directors and two non-executive directors.

In order to ensure that the Directors can properly carry out their roles, the members of the Board are provided with comprehensive information and financial details prior to all Board meetings. The Board meets at least six times a year to discuss and decide the Company's business and strategic decisions. In addition, there is a high degree of contact between Board meetings to ensure all Directors are aware of the Company's business. If necessary, the non-executive Directors may take independent advice at the expense of the Company.

Remuneration Committee

The Remuneration Committee is composed of Daniel Martin and Raymond King with Daniel Martin appointed as chairman. The Remuneration Committee monitors the performance of each of the Company's executive Directors and senior executives to ensure they are rewarded fairly for their contribution. The recommendations of the Remuneration Committee are presented to a meeting of the full Board. The remuneration and terms and conditions of appointment of the non-executive directors are set by the Board as a whole.

Audit Committee

The Audit Committee consists of Daniel Martin and Raymond King with Daniel Martin appointed as chairman. The duties of the Committee include the review of the accounting principles, policies and practices adopted in preparing the financial statements, external compliance matters, internal control principles and the review of the Group's financial results. It also considers how to maintain an appropriate relationship with the Company's auditors. The Committee approves fees in respect of non-audit services provided by external auditors in order to safeguard the external auditor's independence and objectivity. The Audit Committee meets internally twice per year and meets the external auditor at those meetings. The Committee also meets on an ad hoc basis as required.

Nomination Committee

The Nomination Committee consists of Oisín Fanning, Paul Sullivan and Raymond King with Oisín Fanning appointed as chairman. The nomination committee is responsible for reviewing the structure, size and composition of the Board and making recommendations to the Board with regard to any changes required. It is responsible for locating appropriate senior candidates and conducting initial interviews and submitting recommendations on any appointment to the Board.

Risk and Safety Committee

The Risk and Safety Committee consists of Daniel Martin and Raymond King with Raymond King appointed as chairman. The committee is responsible for evaluating risks in Group operations including property, personnel and environmental risks and ensuring that appropriate procedures are in place for mitigating risk and ensuring that adequate insurance cover is in place for identifiable risks.

Internal control

The Board acknowledges its overall responsibility for ensuring that the Company has a system of internal control in place that is appropriate. However, shareholders should be mindful that any system can only provide reasonable, not absolute, assurance against material misstatement or loss and is designed to manage but not to eliminate the risk of failure to achieve business objectives. The key procedures are:

- preparation of annual budgets for all licence areas for approval by the board;
- ongoing review of expenditure and cash flows versus approved budget;
- establishment of appropriate cash flow management and treasury policies for the management of liquidity, currency and credit risk on financial assets and liabilities;
- regular management meetings to review operating and financial activities;
- recruitment of appropriately qualified;
- experienced staff to key financial and management positions; and
- preparation of financial statements.

The Company has adopted a model code for Directors' share dealings which is appropriate for an AIM listed company. The Directors comply with Rule 21 of the AIM Rules relating to Directors' dealings and take all reasonable steps to ensure compliance by the Company's applicable employees.

DIRECTORS' REPORT continued

for the year ended 31 December 2015

Remuneration Committee Report

The Group's policy on senior executive remuneration is designed to attract and retain individuals of the highest calibre who bring relevant experience and independent views to the development of policy, strategic decisions and governance of the Group.

In determining remuneration levels, the Remuneration Committee takes into consideration the practices of other companies of similar scope and size. A key philosophy is that staff should be properly rewarded and motivated to perform in the best interests of the Shareholders.

Director emoluments and pension contributions, excluding share based payments, during the year ended 31 December 2015 were as follows:

	Salary & emoluments €'000	Pension €'000	Fees €'000	Shares to be issued €'000	**2015 Total €'000**	2014 Total €'000
Oisín Fanning	248	–	50	992#	**1,290**	1,465
Paul Sullivan	572	96	50	–	**718**	678
Raymond King	–	–	30	–	**30**	30
Jeremy Boak+	–	–	–	–	**–**	36
Daniel Martin	–	–	30	–	**30**	30
Piotr Rozwadowski~	–	–	35	–	**35**	35
	820	96	195	992	**2,103**	2,274

\+ Resigned 22 July 2015.
# Oisín Fanning is due 1,167,183 ordinary shares in lieu of 80% of his salary for the year ended 31 December 2015.
~ Resigned 5 May 2016.

The Group has a legal services agreement and a consultancy agreement with entities connected with Daniel Martin and Raymond King, which received €311,414 (2014: €294,888) consultancy fees from the Company during the year. See Note 29 for further details.

In addition to the emoluments above, in accordance with IFRS 2, share based payments, an additional cost of €118,740 (2014: €533,282) has been recognised in respect of share options granted to Directors. See Note 26 for further details of share options.

Books and accounting records

The Directors are responsible for ensuring adequate accounting records, as outlined in Section 281 to 285 of the Companies Act 2014, are kept by the Company. The Directors, through the use of appropriate procedures and systems and the employment of competent persons, have ensured that measures are in place to secure compliance with these requirements. The books and accounting records are maintained at 3300 Lake Drive, Citywest Business Campus, Dublin 24.

Events since the year end

Details of significant events since the year end are included in Note 31.

Auditor

The Auditor, KPMG, Chartered Accountants, have indicated their willingness to continue in office in accordance with the provisions of Section 383(2) of the Companies Act 2014.

On behalf of the board

Oisín Fanning
Director

Raymond King
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the Group and Company financial statements in accordance with applicable Irish law and regulations.

Company law requires the directors to prepare Group and Company financial statements for each financial year. Under that law and in accordance with AIM/ESM Rules, the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and applicable law and have elected to prepare the Company financial statements in accordance with IFRS as adopted by the EU and as applied in accordance with the Companies Act 2014.

Under company law the Directors must not approve the Group and Company financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Company and of the Group's profit or loss for that year.

In preparing each of the Group and Company financial statements, the Directors are required to:
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU; and
- prepare the financial statements based on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and which enable them to ensure that the financial statements of the Group are prepared in accordance with applicable IFRS, as adopted by the EU and comply with the provisions of the Companies Act 2014. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. Under applicable law, the directors are also responsible for preparing a Directors' Report that complies with the Companies Act 2014.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the board

Oisín Fanning	**Raymond King**
Director	Director

INDEPENDENT AUDITOR'S REPORT

to the Members of San Leon Energy plc

We have audited the Group and Company financial statements (''financial statements'') of San Leon Energy plc for the year ended 31 December 2015 which comprise the Consolidated Income Statement, the Consolidated Statement of Other Comprehensive Income, the Consolidated and Company Statement of Changes in Equity, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRS) as adopted by the European Union and as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2014. Our audit was conducted in accordance with International Standards on Auditing (ISAs) (UK & Ireland).

Opinions and conclusions arising from our audit

1. Our opinion on the financial statements is unmodified

In our opinion:

- the Group financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2015 and of its loss for the year then ended;
- the Company Statement of Financial Position gives a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2015;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2014; and
- the Group financial statements and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

2. Our opinion on the financial statements is accompanied by an emphasis of matter – going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 1 to the financial statements concerning the Group and Company's ability to continue as a going concern. The ability of the Group and Company to continue as a going concern is dependent on a number of key assumptions as set out in Note 1 including the approval by the shareholders of the Company of a share placing and of the acquisition by the Company of a 9.72% indirect economic interest in the OML 18 block, onshore Nigeria, at an Extraordinary General Meeting in July 2016. These assumptions, along with the other matters explained in Note 1 to the financial statements, indicate the existence of material uncertainties which may cast significant doubt about the Group and Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as going concerns.

3. Our conclusions on other matters on which we are required to report by the Companies Act 2014 are set out below

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

4. We have nothing to report in respect of matters on which we are required to report by exception

ISAs (UK & Ireland) require that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading. In addition, the Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made.

Basis of our report, responsibilities and restrictions on use

As explained more fully in the Statement of Directors' Responsibilities set out on page 39, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

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

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Cliona Mullen
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St Stephen's Green
Dublin 2
Ireland

28 June 2016

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2015

	Notes	2015 €'000	2014 €'000
Continuing operations			
Revenue	2	**145**	3
Cost of sales		**(1)**	(1)
Gross profit		**144**	2
Administrative expenses		**(17,049)**	(16,877)
Impairment of exploration and evaluation assets	10	**(123,659)**	(9,150)
Impairment of equity accounted investments	11	**(43,245)**	(3,346)
Decommissioning of wells	23	**(4,291)**	–
Arbitration award	23	**(20,561)**	–
Loss on disposal of subsidiaries	3	**–**	(6,429)
Loss from operating activities		**(208,661)**	(35,800)
Finance expense	5	**(9,379)**	(1,797)
Finance income	6	**4**	231
Share of loss of equity accounted investments	11	**(18)**	(54)
Loss before income tax		**(218,054)**	(37,420)
Income tax	8	**4,688**	(875)
Loss from continuing operations		**(213,366)**	(38,295)
Discontinued operations			
Profit from discontinued operations (net of income tax)	3	**–**	30
Loss for the year attributable to equity holders of the Group		**(213,366)**	(38,265)
Loss per share (cent) – continuing operations			
			<
Basic loss per share	9	**(506.40)**	(151.05)
Diluted loss per share	9	**(506.40)**	(151.05)
Earnings per share (cent) – discontinued operations			
Basic earnings per share	9	**–**	0.12
Diluted earnings per share	9	**–**	0.12
Loss per share (cent) – total			
Basic loss per share	9	**(506.40)**	(150.93)
Diluted loss per share	9	**(506.40)**	(150.93)

< Adjusted to reflect the share consolidation in July 2015. Further details are provided in Note 24.

On behalf of the board

Oisín Fanning
Director

Raymond King
Director

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2015

	Notes	2015 €'000	2014 €'000
Loss for the year		**(213,366)**	(38,265)
Items that may be reclassified subsequently to the income statement			
Foreign currency translation differences – foreign operations		**(3,320)**	818
Fair value movements in available-for-sale financial assets	15	**4,658**	5,102
Deferred tax on fair value movements in available-for-sale financial assets	28	**(1,615)**	(2,084)
Total comprehensive loss for the year		**(213,643)**	(34,429)

The accompanying notes on pages 52 – 90 form an integral part of these financial statements.

On behalf of the board

Oisín Fanning
Director

Raymond King
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2015

	Share capital reserve €'000	Share premium reserve €'000	Currency translation reserve €'000	Share based payment reserve €'000
2014				
Balance at 1 January 2014	126,561	164,233	(1,389)	10,213
Total comprehensive income for year				
Loss for the year	–	–	–	–
Other comprehensive income				
Foreign currency translation differences – foreign operations	–	–	818	–
Fair value movements in available-for-sale financial assets	–	–	–	–
Deferred tax on fair value movements in available-for-sale financial assets	–	–	–	–
Total comprehensive income for year	–	–	818	–
Transactions with owners recognised directly in equity				
Contributions by and distributions to owners				
Cost of issue of shares for cash in 2013	–	(474)	–	–
Share based payment	–	–	–	1,212
Effect of share options exercised	27	6	–	–
Shares issued to Realm Shareholders on conversion of exchangeable shares	191	335	–	–
Total transactions with owners	218	(133)	–	1,212
Balance at 31 December 2014	**126,779**	**164,100**	**(571)**	**11,425**
2015				
Balance at 1 January 2015	126,779	164,100	(571)	11,425
Total comprehensive income for year				
Loss for the year	–	–	–	–
Other comprehensive income				
Foreign currency translation differences – foreign operations	–	–	(3,320)	–
Fair value movements in available-for-sale financial assets	–	–	–	–
Deferred tax on fair value movements in available-for-sale financial assets	–	–	–	–
Total comprehensive income for year	–	–	(3,320)	–
Transactions with owners recognised directly in equity				
Contributions by and distributions to owners				
Issue of shares for cash (Note 24)	363	40,801	–	–
Issue of advisor shares (Note 24)	2	224	–	–
Share based payment	–	–	–	4,542
Effect of share options cancelled	–	–	–	(3,918)
Change in ownership interests				
Shares issued to Realm Shareholders on conversion of exchangeable shares	1	1	–	–
Total transactions with owners	366	41,026	–	624
Balance at 31 December 2015	**127,145**	**205,126**	**(3,891)**	**12,049**

The accompanying notes on pages 52 – 90 form an integral part of these financial statements.

On behalf of the board

Oisín Fanning
Director

Raymond King
Director

Fair value reserve €'000	Retained earnings €'000	Attributable to equity holders in Group €'000	Non-controlling interest €'000	Total €'000
(3,095)	(12,604)	283,919	528	284,447
–	(38,265)	(38,265)	–	(38,265)
–	–	818	–	818
5,102	–	5,102	–	5,102
(2,084)	–	(2,084)	–	(2,084)
3,018	(38,265)	(34,429)	–	(34,429)
–	–	(474)	–	(474)
–	–	1,212	–	1,212
–	–	33	–	33
–	–	526	(526)	–
–	–	1,297	(526)	771
(77)	**(50,869)**	**250,787**	**2**	**250,789**
(77)	(50,869)	250,787	2	250,789
–	(213,366)	(213,366)	–	(213,366)
–	–	(3,320)	–	(3,320)
4,658	–	4,658	–	4,658
(1,615)	–	(1,615)	–	(1,615)
3,043	(213,366)	(213,643)	–	(213,643)
–	(6,015)	35,149	–	35,149
–	–	226	–	226
–	–	4,542	–	4,542
–	3,918	–	–	–
–	–	2	(2)	–
–	(2,097)	39,919	(2)	39,917
2,966	**(266,332)**	**77,063**	**–**	**77,063**

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2015

	Share capital €'000	Share premium €'000	Shares to be issued €'000	Share based payment reserve €'000
2014				
Balance at 1 January 2014	126,561	164,233	528	10,213
Total comprehensive income				
Loss for the year	–	–	–	–
Fair value movement in available for sale financial asset	–	–	–	–
Total comprehensive income for the year	–	–	–	–
Transactions with owners recognised directly in equity				
Contributions by and distributions to owners				
Cost of issue of shares for cash in 2013	–	(474)	–	–
Share based payment	–	–	–	1,212
Effect of share options exercised	27	6	–	–
Shares issued to Realm Shareholders on conversion of exchangeable shares	191	335	(526)	–
Total transactions with owners	218	(133)	(526)	1,212
Balance at 31 December 2014	**126,779**	**164,100**	**2**	**11,425**
2015				
Balance at 1 January 2015	126,779	164,100	2	11,425
Total comprehensive income				
Loss for the year	–	–	–	–
Fair value movements in available-for-sale financial assets	–	–	–	–
Total comprehensive income for the year	–	–	–	–
Transactions with owners recognised directly in equity				
Contributions by and distributions to owners				
Issue of shares for cash (Note 24)	363	40,801	–	–
Issue of advisor shares (Note 24)	2	224	–	–
Share based payment	–	–	–	4,542
Effect of share options cancelled	–	–	–	(3,918)
Shares issued to Realm Shareholders on conversion of exchangeable shares	1	1	(2)	–
Total transactions with owners	366	41,026	(2)	624
Balance at 31 December 2015	**127,145**	**205,126**	**–**	**12,049**

The accompanying notes on pages 52 – 90 form an integral part of these financial statements.

On behalf of the board

Oisín Fanning
Director

Raymond King
Director

Fair value reserve €'000	Retained earnings €'000	Total equity €'000
(981)	(29,652)	270,902
–	(42,397)	(42,397)
63	–	63
63	(42,397)	(42,334)
–	–	(474)
–	–	1,212
–	–	33
–	–	–
–	–	771
(918)	**(72,049)**	**229,339**
(918)	(72,049)	229,339
–	(200,269)	(200,269)
7,583	–	7,583
7,583	(200,269)	(192,686)
–	(6,015)	35,149
–	–	226
–	–	4,542
–	3,918	–
–	–	–
–	(2,097)	39,917
6,665	**(274,415)**	**76,570**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2015

	Notes	2015 €'000	2014 €'000
Assets			
Non-current assets			
Intangible assets	10	**47,532**	163,375
Equity accounted investments	11	**11,375**	44,483
Property, plant and equipment	12	**10,266**	10,832
Other non-current assets	13	**833**	833
Financial assets	15	**52,553**	47,895
		122,559	267,418
Current assets			
Inventory	16	**329**	321
Trade and other receivables	17	**6,546**	10,344
Other financial assets	18	**1,370**	1,335
Cash and cash equivalents	19	**913**	1,809
		9,158	13,809
Total assets		**131,717**	281,227
Equity and liabilities			
Equity			
Called up share capital	24	**127,145**	126,779
Share premium account	24	**205,126**	164,100
Share based payments reserve	25 / 26	**12,049**	11,425
Currency translation reserve		**(3,891)**	(571)
Fair value reserve		**2,966**	(77)
Retained earnings		**(266,332)**	(50,869)
Attributable to equity holders of the Group		**77,063**	250,787
Non-controlling interest	25	**–**	2
Total equity		**77,063**	250,789
Non-current liabilities			
Provisions	23	**24,437**	–
Derivative	21	**–**	4
Deferred tax liabilities	28	**9,086**	12,199
		33,523	12,203
Current liabilities			
Trade and other payables	20	**14,583**	10,964
Loans and borrowings	22	**4,778**	5,814
Provisions	23	**1,770**	1,457
		21,131	18,235
Total liabilities		**54,654**	30,438
Total equity and liabilities		**131,717**	281,227

The accompanying notes on pages 52 – 90 form an integral part of these financial statements.

On behalf of the board

Oisín Fanning
Director

Raymond King
Director

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December 2015

	Notes	2015 €'000	2014 €'000
Assets			
Non-current assets			
Property, plant and equipment	12	**9,057**	8,630
Financial assets – investment in subsidiaries	14	**48,122**	146,386
Financial assets	15	**52,553**	5,772
		109,732	160,788
Current assets			
Trade and other receivables	17	**4,108**	106,703
Other financial assets	18	**84**	182
Cash and cash equivalents	19	**572**	1,439
		4,764	108,324
Total assets		**114,496**	269,112
Equity and liabilities			
Equity			
Called up share capital	24	**127,145**	126,779
Share premium account	24	**205,126**	164,100
Shares to be issued	25	**–**	2
Share based payments reserve	25 / 26	**12,049**	11,425
Fair value reserve		**6,665**	(918)
Retained earnings		**(274,415)**	(72,049)
Total equity attributable to equity shareholders		**76,570**	229,339
Non-current liabilities			
Derivative	21	**–**	4
Current liabilities			
Trade and other payables	20	**33,148**	33,955
Loans and borrowings	22	**4,778**	5,814
		37,926	39,769
Total liabilities		**37,926**	39,773
Total equity and liabilities		**114,496**	269,112

The accompanying notes on pages 52 – 90 form an integral part of these financial statements.

On behalf of the board

Oisín Fanning
Director

Raymond King
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31st December 2015

	Notes	2015 €'000	2014 €'000
Cash flows from operating activities			
Loss for the year – continuing operations		**(213,366)**	(38,295)
Profit for the year – discontinued operations		**–**	30
Adjustments for:			
Depletion and depreciation		**1,005**	102
Finance expense	5	**9,379**	1,797
Finance income	6	**(4)**	(231)
Share based payments charge		**4,278**	249
Foreign exchange		**(591)**	(1,740)
Income tax		**(4,688)**	875
Impairment of exploration and evaluation assets – continuing operations	10	**123,659**	9,150
Impairment of equity accounted assets – continuing operations	11	**43,245**	3,346
Arbitration award	23	**20,561**	–
Decommissioning of wells	23	**4,291**	–
Loss on disposal of subsidiaries		**–**	6,429
(Increase) in inventory		**(8)**	(90)
Decrease in trade and other receivables		**3,988**	2,399
Increase in trade and other payables		**3,490**	5,483
Movement in non-current assets		**–**	2,575
Share of loss of equity-accounted investments	11	**18**	54
Tax paid		**(112)**	(21)
Net cash outflow from operating activities		**(4,855)**	(7,888)
Cash flows from investing activities			
Expenditure on exploration and evaluation assets		**(20,473)**	(19,909)
Joint venture partner share of exploration costs		**–**	363
Purchase of property, plant and equipment		**(434)**	(1,701)
Interest received		**–**	4
Decrease in restricted cash	19	**99**	325
Advances to equity accounted investments	11	**(2,115)**	(1,055)
Proceeds of farm-out arrangement		**2,000**	14,807
Net cash outflow from investing activities		**(20,923)**	(7,166)
Cash flows from financing activities			
Proceeds from issue of shares		**41,390**	–
Cost of issue of shares		**(6,015)**	(474)
Proceeds from drawdown of other loans		**6,106**	8,415
Repayment of other loans		**(7,805)**	(3,071)
Movement in director loan		**202**	2,201
Interest and arrangement fees paid		**(9,116)**	(1,641)
Net cash inflow from financing activities		**24,762**	5,430
Net (decrease) in cash and cash equivalents		**(1,016)**	(9,624)
Effect of foreign exchange fluctuation on cash and cash equivalents		**120**	12
Cash and cash equivalents at start of year	19	**1,809**	11,421
Cash and cash equivalents at end of year	19	**913**	1,809

The accompanying notes on pages 52 – 90 form an integral part of these financial statements.

On behalf of the board

Oisín Fanning
Director

Raymond King
Director

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31st December 2015

	Notes	2015 €'000	2014 €'000
Cash flows from operating activities			
Loss for the year		**(200,269)**	(42,397)
Adjustments for:			
Depletion and depreciation		**87**	101
Non cash dividend on transfer of asset		**(27,360)**	–
Finance income		**(187)**	(710)
Finance expense		**9,316**	155
Share based payments charge		**3,286**	200
Impairment of investment in subsidiaries and amounts due from group undertakings		**206,501**	30,983
Foreign exchange		**488**	90
Income tax		**9**	10
Decrease / (increase) in trade and other receivables		**3,837**	(2,368)
(Decrease) / increase in trade and other payables		**(1,131)**	4,281
Taxation		**1**	–
Net cash outflow from operating activities		**(5,422)**	(9,655)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(514)**	(1,807)
Interest paid		**–**	(179)
Advances to subsidiary companies		**(19,840)**	(1,002)
Decrease / (increase) in restricted cash		**99**	(182)
Net cash outflow from investing activities		**(20,255)**	(3,170)
Cash flows from financing activities			
Proceeds from issue of shares		**41,390**	–
Cost of issue of shares		**(6,015)**	(474)
Proceeds from drawdown of other loans		**6,106**	8,415
Repayment of other loans		**(7,805)**	(3,071)
Movement in director loan		**202**	1,259
Net interest and arrangement fees paid		**(9,053)**	126
Net cash inflow from financing activities		**24,825**	6,255
Net (decrease) in cash and cash equivalents		**(852)**	(6,570)
Effect of foreign exchange fluctuation on cash and cash equivalents		**(15)**	220
Cash and cash equivalents at start of year	19	**1,439**	7,789
Cash and cash equivalents at end of year	19	**572**	1,439

The accompanying notes on pages 52 – 90 form an integral part of these financial statements.

On behalf of the board

Oisín Fanning
Director

Raymond King
Director

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st December 2015

1. Accounting policies

San Leon Energy Plc ("the Company") is a company incorporated and domiciled in the Republic of Ireland. The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The registered office address is 1st Floor, Wilton Park House, Wilton Place, Dublin 2.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The figures in the financial statements are presented in €'000 for the first time in 2015. The comparatives have been presented on the same basis and, as a consequence, rounding differences may arise.

Statement of compliance

As required by AIM and ESM rules and permitted by Company Law, the Group financial statements have been prepared in accordance with IFRS as adopted by the EU. The individual financial statements of the Company (Company financial statements) have been prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the Companies Act 2014 which permits a Company, that publishes its Company and Group financial statements together, to take advantage of the exemption in Section 304 of the Companies Act 2014, from presenting to its members its Company income statement and related notes that form part of the approved Company financial statements. The IFRS's adopted by the EU as applied by the Company and the Group in the preparation of these financial statements are those that were effective for accounting periods commencing on or before 1 January 2015 or were early adopted as indicated below. The accounting policies adopted are consistent with those of the previous year except for the following new and amended IFRS and IFAC assumptions adopted by the Group as of 1 January 2015.

1. Accounting policies continued

New standards required by EU companies for the year ended 31 December 2015

The following new standards and amendments were adopted by the Group for the first time in the current financial reporting period. There was no impact on the results for the year ended 31 December 2015.

Standard	Effective date
Annual Improvements to IFRSs 2011-2013 Cycle	1 January 2015

New standards and interpretations effective that have not been early adopted

Standard	Effective date
Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	1 February 2015
Annual improvements to IFRSs 2010-2012 Cycle	1 February 2015
Amendments to IFRS 11: Accounting for acquisitions of interests in Joint Operations	1 January 2016
Amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Bearer Plants	1 January 2016
Amendments to IAS 27 Equity method in Separate Financial Statements	1 January 2016
Amendments to IAS 1: Disclosure Initiative	1 January 2016
Annual Improvements to IFRSs 2012-2014 Cycle	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the consolidation exception (December 2014)	Not endorsed, expected to be endorsed H2 2016
IFRS 15: Revenue from contracts with customers	Not endorsed, expected to be endorsed H2 2016
IFRS 9 Financial Instruments (2009, and subsequent amendments in 2010 and 2013)	Not endorsed, expected to be endorsed H2 2016
Amendments to IAS 7: Disclosure Initiative	Not endorsed, expected to be endorsed Q4 2016
Amendments to IAS 12: Recognition of deferred tax assets for unrealised losses	Not endorsed, expected to be endorsed Q4 2016
IFRS 14: Regulatory Deferral Accounts	Not endorsed, no indicative endorsement date provided
IFRS 16: Leases	Not endorsed, no indicative endorsement date provided
Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture (September 2014)	Endorsement postponed Awaiting IASB developments

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 February 2015, and have not been applied in preparing these financial statements. The Group does not plan to adopt these standards early; instead it will apply them from their effective dates as determined by their dates of EU endorsement. The Group is reviewing the upcoming standards to determine their impact.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31st December 2015

1. Accounting policies continued

Basis of preparation

The Group and Company financial statements are prepared on the historical cost basis, except for financial assets (net profit interests and quoted shares), which are carried at fair value, and equity settled share option awards and warrants which are measured at grant date fair value.

The Directors have prepared a detailed cash flow forecast for the Group and Company for the period from 1 July 2016 to 31 December 2017.

The cash flow forecast reflects the Directors' plans to raise a minimum of US$200 million (gross) by way of an Equity Placing, which will be used to acquire the US$103 million of Loan Notes (and any associated accrued interest) issued by Midwestern Leon Petroleum Limited ("MLPL"), the special purpose vehicle set up by the Company and Midwestern Oil & Gas Company Limited and provide a further US$70 million in funding to MLPL, also structured as Loan Notes, for the purposes of acquiring the interest in the OML 18 Production Arrangement, ("OML 18"), with the remaining proceeds from the Placing to be used to cover transaction costs and provide for general working capital for the Company.

On completion of the above transaction, the Company will hold US$173 million of Loan Notes, which will be repayable by MLPL to San Leon and a 40 per cent shareholding in MLPL, which will give San Leon an initial 9.72% economic interest in OML 18.

The cash flow forecast reflects the on-going exploration activity across the Group's exploration asset portfolio taking account of its licence commitments, technical team costs, administrative overhead, other financial commitments and its available financial resources from existing cash balances and committed facilities. The strategy of the Directors is to continue to mitigate risk on its exploration portfolio by monetising certain assets through outright/partial disposal of interests or securing farm-in partners on certain projects. The Directors intend, where appropriate, to continue to seek to structure such farm-ins to secure cash contributions for past costs or secure payments for future exploration activities. The Directors are engaged in on-going discussions on a number of its assets which they expect will generate cash resources to assist in financing the Group's exploration programme in the foreseeable future.

The principal assumptions underlying the cash flow forecast and the availability of finance to the Group are as follows:

- The proposed conditional placing of a minimum of US$200 million will be approved by the Company's Shareholders at an EGM subsequent to the date of approval of the financial statements for the year ended 31 December 2015 enabling the Company to complete the acquisition of the OML 18 Production Arrangement and related Loan Notes.
- The acquisition of the Group's initial 9.72% economic interest in OML 18 will be approved by the Company's shareholders at an EGM subsequent to the date of approval of the financial statements for the year ended 31 December 2015. As a result, the Group will receive cash flows from it's initial 9.72% economic interest in OML 18 in the form of interest and capital repayments on the loan notes and dividend income. The model assumes that sufficient cash flows will be generated from oil and gas production on the OML 18 field. This assumption is based on a Competent Person's Report on OML 18.
- The terms of the OML 18 transaction also allows the Company the right to provide oilfield services to the operator of OML 18. The projections assume that the Company will receive an up-front payment on completion of the agreement to provide these services with further income streams arising on the roll out of these services.
- Any potential cash outflow for the Group to make a payment under the Avobone Arbitration Award will be scheduled either through agreement with Avobone or instructions of the Court in a manner consistent with available funds.
- Ongoing production revenues and exploration and administrative expenditure from existing activities are in line with current expectations and commitments.
- Although there is potential for further cash inflows from monetising certain assets through outright/ partial disposal of interests or securing farm-in partners on certain projects, the cash flow projections do not include these supplemental cash inflows.
- The Group has committed financing facilities in place which may be required to help fulfill the Group's immediate cash flow requirements in the period from July to December 2016 in advance of the cash inflows from OML 18 which are forecast to flow to the Group on a quarterly basis from December 2016 onwards. The facilities available are as follows:
  - A Fixed Schedule Equity Funding Agreement ("FSEFA") between the Company and YA Global Master SPV Ltd ("YA Global") provides the Group with a debt facility of Stg£15 million accessible over a 30 month period from 21 May 2015 ("the facility"). This Term Sheet modifies the existing Standby Equity Distribution Agreement with YA Global, which remains in effect.

1. Accounting policies continued

– A facility of Stg£15 million from Brandon Hill Capital available for a six month period in the event that the planned equity placing does not complete.

Conditional on the placing and OML 18 transaction being approved by shareholders at an EGM, the Directors have a reasonable expectation that the Group and Company will have adequate resources to continue in operational existence and to discharge its debts as they fall due for the foreseeable future and for a period of at least 12 months from the date of approval of the financial statements.

Accordingly the Directors continue to adopt the going concern basis of preparation of the financial statements for the year ended 31 December 2015.

Based on indicative support from key shareholders, the Directors expect that the placing will be successfully completed and shareholder approval will be received at the EGM to be held subsequent to the date of approval of these financial statements. However, if the above assumptions did not materialise, it could indicate the existence of material uncertainties which may cast significant doubt about the Group and Company's ability to continue as a going concern and to continue realising their assets and discharging their liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as going concerns.

Functional and presentation currency

These consolidated financial statements are presented in Euro (€), which is the Company's functional currency and the Group's presentational currency, rounded to the nearest thousand.

Use of estimates and judgements

The preparation of financial statements in conformity with EU IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In particular, significant areas of estimation uncertainty and critical judgements used in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

- Recoverability of intangible assets (Note 10)
- Recoverability of equity accounted investments (Note 11)
- Measurement of financial assets (Note 15)
- Measurement of share-based payments (Note 26)
- Recognition of tax losses (Note 28)
- Provision (Avobone) (Note 23)

Basis of consolidation

The financial information incorporates the financial information of the Company and entities controlled by the Group (its subsidiaries). Control is defined as when the Group is to or has the rights to variable returns from its investment with the entity and has the ability to affect these returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date that control ceases. Where necessary, adjustments are made to the financial information of subsidiaries to bring their accounting policies into line with those used by other members of the Group. Intra-group balances and any unrealised gains and losses or income or expenses arising from intragroup transactions are eliminated in preparing the Group financial statements.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is defined as when the Group is to or has the rights to variable returns from its investment with the entity and has the ability to affect these returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

1. Accounting policies continued

Acquisitions

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved
- in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Intangible assets – exploration and evaluation assets

Expenditure incurred prior to obtaining the legal rights to explore an area is recognised in profit or loss as incurred. All expenditure relating to licence acquisition, exploration, evaluation and appraisal of oil and gas interests, including an appropriate share of directly attributable overheads, is capitalised on a licence by licence basis.

Exploration and evaluation assets are carried at cost until the exploration phase is complete or commercial reserves have been discovered. The Group regularly reviews the carrying amount of exploration and evaluation assets for indicators of impairment and capitalised costs are written off where the carrying amount of assets may not be recoverable. Where commercial reserves have been established and development is approved by the Board, the relevant expenditure is transferred to oil and gas properties following assessment of impairment.

Royalty

Royalty assets are carried at cost less accumulated amortisation. Amortisation is charged in proportion to the current year production based on total estimated production over the life of the field.

Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date and, if there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount is the higher of its fair value less costs to sell and its value in use. Estimates on impairment are limited to an assessment by the Directors of any events or changes in circumstance that would indicate that the carrying amount of the asset may not be recoverable. Any impairment loss arising from the review is recognised in profit or loss to the extent the carrying amount of the asset exceeds its recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Oil and Gas Properties

Oil and gas properties are stated at cost less accumulated depreciation and impairment losses. The initial cost comprises the purchase price or construction cost including any directly attributable costs of bringing the asset into operation and any estimated decommissioning provision.

Oil and gas properties are depleted on a unit of production basis over the estimated proven and probable reserves of the field.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life. The residual value is the estimated amount that would currently be obtained from disposal of the asset if the asset were already of the age and in the condition expected at the end of its useful life. The annual rate of depreciation for each class of depreciable asset is:

Office equipment	25% Straight line
Motor vehicles	20% Reducing balance
Plant and equipment	20% - 33% Straight line

Jointly controlled operations or assets

The Group has entered into a number of joint arrangements on production and exploration assets that result in jointly controlled assets. The Group accounts for only its share of assets, liabilities, income and expenditure in relation to these jointly controlled assets.

Inventories

Inventories are valued at the lower of cost and net realisable value.

1. Accounting policies continued

Joint arrangements
The Group also has entered into joint venture arrangements which are operated through jointly controlled entities. The Group accounts for its interest in these entities on an equity basis, with Group share of profit or loss after tax recognised in the Income Statement and its share of other comprehensive income of the joint venture recognised in other comprehensive income.

Financial fixed assets - investment in subsidiaries
Financial fixed assets in the Company Statement of Financial Position consist of investments in subsidiary undertakings and are stated at cost less provision for impairment where applicable.

Financial assets – available for sale
The Group's financial assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein are recognised in other comprehensive income. On disposal, the cumulative gain or loss previously reported in other comprehensive income is included in the calculation of any gain or loss arising on disposal and recognised in profit or loss.

Decommissioning provision
A provision is made for decommissioning of oil and gas wells. The cost of decommissioning is determined through discounting the amounts expected to be payable to their present value at the date the provision is recognised and reassessed at each reporting date. This amount is regarded as part of the total investment to gain access to economic benefits and consequently capitalised as part of the cost of the asset and the liability is recognised in provisions. Such cost is depleted over the life of the asset on the basis of estimated proven and probable reserves and charged to the Income Statement. The unwinding of the discount is reflected as a finance cost in the Income Statement over the life of the field or well.

Taxation
Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Consolidated Income Statement except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they are controlled and probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Foreign currencies
Transactions in foreign currencies are initially translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the exchange rates ruling at the reporting date with gains or losses recognised in profit or loss. Non-monetary items are translated using the exchange rates ruling as at the date of the initial transaction.

Foreign operations
The assets and liabilities of foreign operations are translated into Euro at the exchange rate at the reporting date and the income and expenses of foreign operations are translated at the actual exchange rates at the date of the transaction or at average exchange rates for the year where this approximates to the actual rate. Exchange differences arising on translation are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity. Details of exchange rates used are set out in Note 30.

1. Accounting policies continued

Revenue

Revenue from the sale of gas is recognised when the significant risks and rewards of ownership have been transferred, which is when the title passes to the customer. Revenue is measured at the fair value of the consideration receivable net of value added tax.

Finance income and expenses

Interest income is accrued on a time basis by reference to the principal on deposit and the effective interest rate applicable.

Finance expenses comprise interest or finance costs on borrowings and unwinding of any discount on provisions using the effective interest rate.

Share capital

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Share based payments

The Group has applied the requirements of IFRS 2 ‘share based payments’. The Group issues share options as an incentive to certain key management and staff (including Directors), which are classified as equity settled share based payment awards. The grant date fair value of share options granted to Directors and employees under the Company’s share option scheme is recognised as an expense over the vesting period with a corresponding credit to the share based payments reserve. The fair value is measured at grant date and spread over the period during which the awards vest. The fair value of options granted in the year has been determined by an external valuer using an appropriate valuation model as detailed in Note 26.

The options issued by the Group are subject to both market-based and non-market based vesting conditions. Market conditions are included in the calculation of fair value at the date of the grant. Non-market vesting conditions are not taken into account when estimating the fair value of awards as at grant date; such conditions are taken into account through adjusting the number of the equity instruments that are expected to vest. The proceeds received net of any directly attributable transaction costs will be credited to share capital (nominal value) and share premium when options are converted into ordinary shares.

Any grant date fair value of options granted under the company’s share option scheme that were recognised as an expense over the vesting period and are subsequently cancelled and reversed as an expense with a corresponding debit to the share based payment reserve.

Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes, share options granted to employees and warrants.

Segmental reporting

A segment is a distinguishable component of the Group that is engaged in business activities from which it may earn revenues and incur expenses which is subject to risks and rewards that are different from those of other segments and for which discrete financial information is available.

All operating segments and results are regularly reviewed by the Board of Directors to make decisions about resources to be allocated to each segment and to assess its performance.

Full details of the Group’s operating segments all of which are involved in oil and gas exploration are set out in Note 2 to the financial statements.

Assets and liabilities held for sale

Non-current assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Group’s accounting policies. Thereafter, the assets are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

1. Accounting policies continued

Defined contribution pension scheme
The Group operates a defined contribution scheme. All contributions made are recognised in the Income Statement in the period in which they fall due.

Discontinued operations
A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and Other Comprehensive Income is represented as if the operation had been discontinued from the start of the comparative year.

Fair value movement
The Group has an established a process with respect to the measurement of fair values. The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the board.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For further detail on assumptions made in measuring level 3 fair values see the following notes:

- Note 15 Financial Assets
- Note 21 Derivative.

In accordance with IFRS 13, the group discloses its assets and liabilities held at fair value after initial recognition in the following categories: at fair value through profit or loss and available for sale.

With the exception of shares held in quoted entities, which are classified as level 1 items under the fair value hierarchy, all assets and liabilities held at fair value are measured on the basis of inputs classified as level 3 under the fair value hierarchy on the basis that the inputs underpinning the valuations are not based on observable market data as defined in IFRS 13.

Where derivatives are traded either on exchanges or liquid over-the-counter markets, the Group uses the closing price at the reporting date. Normally, the derivatives entered into by the Group are not traded in active markets. The fair values of these contracts are estimated using a valuation technique that maximises the use of observable market inputs, e.g. market exchange and interest rates. All derivatives entered into by the Group are included in Level 3 and consist of share warrants issued.

2. Revenue and segmental information

Operating segment information is presented on the basis of the geographical areas as detailed below, which represent the financial basis by which the Group manages its operations. The Board of Directors, which has been recognised as the Chief Operating Decision Maker (CODM), regularly review internal management reports for each of the segments based on the below criteria which management consider to be appropriate in evaluating segment performance relative to other entities that operate in the industry.

	Poland		Morocco		Ireland	
	2015 €'000	2014 €'000	**2015 €'000**	2014 €'000	**2015 €'000**	2014 €'000
Total revenue	**145**	–	**–**	–	**–**	–
Discontinued operations						
Revenue	**–**	–	**–**	–	**–**	680
Segment (loss) / profit before income tax	**(122,830)**	(12,260)	**(42,087)**	(85)	**–**	30
Exploration and evaluation assets	**12,561**	93,002	**26,859**	52,818	**–**	–
Impairment of exploration and evaluation assets	**(80,654)**	(6,173)	**(41,657)**	–	**–**	–
Equity accounted investments	**11,375**	44,483	**–**	–	**–**	–
Impairment of equity accounted investments	**(35,220)**	(3,346)	**–**	–	**–**	–
Non-current assets	**25,089**	139,545	**35,881**	61,325	**–**	42,123
Capital expenditure^	**2,811**	5,913	**15,699**	11,887	**–**	–
Segment liabilities	**(1,671)**	(3,189)	**(6,212)**	(1,002)	**–**	–

Revenue relates to the provision of seismic acquisition services in Poland in 2015 and it related to residual royalty income from leasehold interests in the U.S.A in 2014.

^ This is the net expenditure incurred by the Group excluding amounts incurred by partners on shared exploration interests. It includes assets acquired through business combinations and equity accounted investments.

Corporate includes head office balances and activities which are not directly attributable to any other segment.

Romania		Albania		Other areas		Corporate#		Total	Total
2015 €'000	2014 €'000	**2015 €'000**	2014 €'000	**2015 €'000**	2014 €'000	**2015 €'000**	2014 €'000	**2015 €'000**	2014 €'000
–	–	**–**	–	**–**	3	**–**	–	**145**	3
–	–	**–**	–	**–**	–	**–**	–	**–**	680
(8,025)	–	**(6)**	(86)	**(1,331)**	(3,039)	**(43,775)**	(21,980)	**(218,054)**	(37,420)
–	9,413	**8,112**	7,123	**–**	1,019	**–**	–	**47,532**	163,375
–	–	**–**	–	**(1,331)**	(2,977)	**(17)**	–	**(123,659)**	(9,150)
–	–	**–**	–	**–**	–	**–**	–	**11,375**	44,483
(8,025)	–	**–**	–	**–**	–	**–**	–	**(43,245)**	(3,346)
–	9,420	**8,112**	7,123	**833**	1,852	**52,644**	6,030	**122,559**	267,418
663	395	**988**	693	**312**	1,057	**–**	–	**20,473**	19,945
(671)	(98)	**(760)**	(14)	**843**	(160)	**(46,183)**	(25,975)	**(54,654)**	(30,438)

3. Loss on disposal of subsidiaries

During 2014, the sale to Ardilaun Energy Limited ("Ardilaun") of Island Oil and Gas Limited completed and the Group recognised a loss on disposal of €6,429,007. The loss primarily relates to the Group's contribution to the decommissioning liability associated with the exploration and evaluation assets.

Results from discontinued operations – Ardilaun

	2015 €'000	2014 €'000
Revenue	–	680
Cost of sales	–	(659)
Gross profit	–	21
Administration expenses	–	9
Results from operating activities	–	30
Income tax	–	–
Results from operating activities after tax	–	30

The total profit from discontinued operations is attributable to the owners of the Company.

	2015 €'000	2014 €'000
Cashflows from discontinued operations		
Net cash from operating activities	–	285
Net cash flows for the year	–	285

	2015 €	2014 € <
Earnings per share (cent) from discontinued operations		
Basic earnings per share	–	0.12
Diluted earnings per share	–	0.12

< Adjusted to reflect the share consolidation in July 2015. Further details are provided in Note 24.

4. Statutory information

(a) Group

	2015 €'000	2014 €'000
The loss for the financial year is stated after charging / (crediting):		
Depreciation of property, plant and equipment	**1,005**	1,454
Loss / (gain) on foreign currencies	**280**	(598)
Operating lease rentals		
– Premises	**1,668**	1,542
– Motor vehicles	**49**	47
Pre-licence expenditure	**96**	2,609
Impairment of exploration and evaluation assets	**123,659**	9,150
Impairment of equity accounted investments	**43,245**	3,346

4. Statutory information continued

During the year, the Group (including its overseas subsidiaries) obtained the following services from KPMG, the Group Auditor:

	2015 €'000	2014 €'000
Audit services		
Group Auditor – KPMG Ireland	**120**	95
Group Auditor – KPMG Poland	**–**	–
	120	95
Tax and non-assurance services		
Group Auditor – KPMG Ireland	**–**	–
Other network firm – KPMG	**15**	5
	15	5
Total		
Group Auditor – KPMG Ireland	**120**	95
Other network firm – KPMG	**15**	5
	135	100

Tax and non-assurance services relates to accounting, administration and tax compliance work in Spain and Poland.

(b) Company

	2015 €'000	2014 €'000
The loss for the financial year is stated after charging:		
Depreciation of property, plant and equipment	**87**	101
Loss on foreign currencies	**152**	166
Operating lease rentals – premises	**1,055**	955
Auditor's remuneration – audit services	**25**	25
Pre-licence expenditure	**52**	481

As permitted by Section 304 of the Companies Act 2014, the Company Statement of Comprehensive Income has not been separately disclosed in these financial statements. A loss of €200.3 million (2014: €42.4 million) has been recorded in the parent company.

5. Finance expenses

	2015 €'000	2014 €'000
On loans and overdraft	**8,237**	147
Finance arrangement expenses	**1,142**	1,650
	9,379	1,797

The finance expenses relate primarily to interest on short term loans arranged by Brandon Hill Capital prior to the Group's equity placing in July 2015. The capital and interest payments were financed out of the placing proceeds.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31st December 2015

6. Finance income

	2015 €'000	2014 €'000
Deposit interest received	**–**	3
Interest on other loan	**–**	24
Fair value movement on issue of warrants to non-employee (Note 21)	**4**	204
	4	231

7. Personnel expenses

Number of employees

The average monthly number of employees (including the Directors) during the year was:

	2015 Number	2014 Number
Directors	**6**	6
Administration	**18**	27
Technical	**21**	25
Seismic crew	**23**	30
	68	88

Employment costs (including directors)

	2015 €'000	2014 €'000
Wages and salaries (excluding directors)	**3,448**	4,680
Directors' salaries	**820**	1,947
Social welfare costs	**427**	567
Directors' fees	**195**	231
Consultancy services	**311**	295
Share based payments including shares in lieu of salary (including directors)#	**4,278**	1,038
Directors' pension	**96**	96
	9,575	8,854

\# Oisín Fanning is due 1,167,183 ordinary shares in lieu of 80% of his salary for the year ended 31 December 2015 and €991,800 has been recognised in share based payments in respect of this.

Details of the Directors' remuneration is set out in the Directors' Report.

During the year, €4.3 million (2014: €4.2 million) was capitalised in exploration and evaluation assets in respect of Group employment costs above. No share based payments were capitalised during the year (2014: €0.9 million).

The Group contributes to a defined contribution pension scheme for certain executives and employees. The scheme is administered by trustees and is independent of the Group finances. Total contributions by the Group to the pension scheme, including contributions for Directors amounted to €0.2 million (2014: €0.2 million).

8. Income tax expense

	2015 €'000	2014 €'000
Current tax		
Current year income tax	**40**	90
Deferred tax		
Origination and reversal of temporary differences	**(4,728)**	785
Total income tax (credit) / expense	**(4,688)**	875

The difference between the total tax shown above and the amount calculated by applying the applicable standard rate of Irish corporation tax to the loss before tax is as follows:

	2015 €'000	2014 €'000
Loss before income tax	**(218,054)**	(37,420)
Tax on loss at applicable Irish corporation tax rate of 25% (2014: 25%)	**(54,514)**	(9,355)
Effects of:		
Income not taxable	**–**	(51)
Expenses not deductible for tax purposes	**48,219**	6,156
Losses utilised in the year	**(13)**	(29)
Income tax withheld	**3**	10
Origination and reversal of temporary differences	**(4,728)**	785
Excess losses carried forward	**6,345**	3,359
Tax (credit) / charge for the year	**(4,688)**	875

9. Earnings per share

Basic earnings per share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year as follows:

	2015 €'000	2014 €'000
Loss for the year	**(213,366)**	(38,265)

The weighted average number of shares in issue is calculated as follows:

	Number of shares <	Number of shares <
In issue at start of year	**25,355,727**	25,312,189
Effect of shares issued related to a prior year business combination	**–**	28,876
Effect of share options and warrants exercised	**–**	2,455
Effect of outstanding exchangeable shares	**173**	9,470
Effect of shares issued in the year	**16,778,438**	–
Weighted average number of ordinary shares in issue (basic)	**42,134,338**	25,352,990
Basic loss per ordinary share (cent)	**(506.40)**	(150.93)

< Adjusted to reflect the share consolidation in July 2015. Further details are provided in Note 24.

9. Earnings per share continued

Diluted earnings per share
Diluted earnings per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding after adjustment for effects of all dilutive potential ordinary shares as follows:

	2015 €'000	2014 €'000
Loss for the year (diluted)	**(213,366)**	(38,265)

The diluted weighted average number of shares in issue is calculated as follows:

	Number of shares <	Number of shares <
Basic weighted average number of shares in issue during the year	**42,134,338**	25,352,990
Effect of share options and warrants in issue	**–**	–
	42,134,338	25,352,990
Diluted earnings per ordinary share (cent)	**(506.40)**	(150.93)

At 31 December 2015, a total of 10,017,043 (2014: 1,904,739<) options and warrants were excluded from the weighted average number of ordinary shares calculation for diluted earnings per share as their effect would have been anti-dilutive.

< Adjusted to reflect the share consolidation in July 2015. Further details are provided in Note 24.

10. Intangible assets

Group	**Exploration and evaluation assets €'000**
Cost and net book value	
At 1 January 2014	186,052
Additions	19,945
Impairment of exploration assets	(9,150)
Disposals	(206)
Proceeds from farm-out arrangement	(10,945)
Transfer to equity accounted investments	(23,231)
Currency translation adjustment	910
At 31 December 2014	**163,375**
Additions (ii)	20,473
Impairment of exploration assets (i)	(123,659)
Proceeds from farm out arrangements	(2,000)
Transfer to equity accounted investments	(8,025)
Currency translation adjustment	(2,632)
At 31 December 2015	**47,532**

An analysis of intangible assets by geographical area is set out in Note 2.

10. Intangible assets continued

(i) Following a strategic review the Company has decided to relinquish a number of early stage exploration licences in Poland, Morocco and Spain. The Company has also taken the decision to exit its interests in Romania.

This has resulted in an impairment charge of €123.7m of historical accumulated exploration costs in the following areas:

Area	€'000
Poland	80,629
Morocco	41,657
Spain	1,373
	123,659

(ii) This is the net amount incurred by San Leon Energy and excludes amounts attributable to joint operating partners of nil (2014: €363,293).

The Directors have considered the carrying value at 31 December 2015 of capitalised costs in respect of its exploration and evaluation assets. These assets have been assessed for impairment indicators and in particular with regard to remaining licence terms, likelihood of licence renewal, likelihood of further expenditures and on-going appraisals for each area, as described in the Operating Review. Based on internal assessments, the Directors have impaired the exploration and evaluation assets by €123.7 million and are satisfied that there are no further impairment indicators. The Directors recognise that future realisation of these oil and gas interests is dependent on future successful exploration and appraisal activities and subsequent production of oil and gas reserves.

11. Equity accounted investments

Group	2015 €'000	2014 €'000
Cost and net book value		
At 1 January	**44,483**	23,729
Transfer from exploration and evaluation assets	**8,025**	23,231
Transfer from other assets	**–**	1,753
Proceeds of farm out arrangement	**–**	(1,922)
Impairment of equity accounted investments	**(43,245)**	(3,346)
Net advances to equity accounted investments	**2,115**	1,055
Share of loss of equity accounted investments	**(18)**	(54)
Exchange rate adjustment	**15**	37
At 31 December	**11,375**	44,483

(i) In June 2012, San Leon purchased a 75% interest in three LLPs, namely Olesnica LLP, Wielun LLP and South Prabuty LLP, from Hutton Energy Plc. The LLPs are the 100% title holders of the following Polish exploration concession areas: Wielun (219,430 acres) and Olesnica (286,642 acres) concessions in the Carboniferous Basin, and the South Prabuty concession (118,611 acres) in the Baltic Basin. The purchase consideration of €11.88 million (USD15 million) was payable by the issue of new Ordinary shares in San Leon. Hutton Poland Limited own the remaining 25% of the three LLPs. At 31 December 2015, the Company made a decision to exit the South Prabuty, Olesnica and Wielun concession. Therefore, the Company's investments in the South Prabuty, Olesnica and Wielun joint ventures were fully impaired.

11. Equity accounted investments continued

(ii) In January 2013, San Leon acquired a 90% interest in Energia Zachod Sp. Z o.o. and a 45% interest in each of Energia Torzym Sp. Z o.o Spk. and Energia Cybinka Sp. Z o.o. Spk. as part of the Aurelian Oil and Gas PLC acquisition. Avobone Poland B.V. own the other 10% of Energia Zachod Sp. Z o.o. SNGN Romgaz S.A. own 30% of both Energia Torzym Sp. Z o.o Spk. and Energia Cybinka Sp. Z o.o. Spk. with Sceptre Oil and Gas Limited owning the remaining 25% of both entities. At 31 December 2015, the Company decided it was not going to pursue its interest in the Torzym and Cybinka licences and has thus fully impaired them at year end.

(iii) On 1 July 2014 the company announced that it had signed a joint venture agreement with Palomar Natural Resources ("PNR") across seven Concessions in Poland's Permian Basin initially focused on developing the discovered, unproduced Siekierki and Rawicz gas fields. In return for a 65% working interest in the Southern Permian Basin and Northern Permian Basin Concessions, PNR paid upfront to San Leon €3,615,068 ($5 million) and €11,032,657 ($15 million), respectively, in cash and agreed to carry San Leon for a defined initial work programme aimed at bringing the Rawicz and Siekierki fields into production as soon as possible. PNR became the operator of all of the Concessions. The PNR transaction was accounted for as a farm-out transaction in 2014.

Prior to the joint venture agreement the company undertook a reorganisation of the assets that formed the deal. Two new companies were set-up, TSH Energy Joint Venture B.V. ("TSH") and Poznan Energy B.V. ("Poznan"), and the assets were transferred to the two new entities as follows:

The Rawicz (39/2009/p), Wschowa (8/2009/p), Gora (30/2008/p) and Nowa Sol (5/2009/p) concessions ("Southern Permian Basin") were transferred to TSH; and the Poznan North (26/2008/p), Poznan East (4/2003/p), Poznan East (5/2003/p) concessions ("Northern Permian Basin") were transferred to Poznan.

In November 2015 the Gora (30/2008/p) and Nowa Sol (5/2009/p) concessions were transferred back to the Company from TSH for a nominal fee of €1 each and the carrying value of the Company's investment in Gora and Nowa Sol were fully impaired at 31 December 2015.

The carrying value of the Company's investment in Pozan Energy B.V. at 31 December 2015 relates to Northern Permian Basin Concessions. The carrying value of the Company's investment in TSH Energy Joint Venture B.V. at 31 December 2015 relates to the Rawicz concession in Poland's Southern Permian Basin.

(iv) During the year the Company divested 50% of its 100% interest in Aurelian Petroleum S.R.L. to TDE Engineering and Development Limited ("TDE"). As a result of the deal TDE became the operator of the Romanian concessions. In 2016, in line with the Company's strategy to focus on cash flow from appraisal and development, the Company transferred its remaining interest in Aurelian Petroleum S.R.L. to TDE.

The Company's joint venture entities at 31 December 2015 are as follows:

Name	Registered office
Olesnica LLP	84 Brook Street, London, W1K 5EF, United Kingdom
South Prabuty LLP	84 Brook Street, London, W1K 5EF, United Kingdom
Wielun LLP	84 Brook Street, London, W1K 5EF, United Kingdom
Energia Torzym Sp. z o.o. Sp. K.	Ul. Moniuszki 1a, 00-014, Warsaw, Poland
Energia Cybinka Sp. z o.o. Sp. K.	Ul. Moniuszki 1a, 00-014, Warsaw, Poland
Poznan Energy B.V.	Mendelssohnlaan 33, 6815 ET, Arnhem, The Netherlands
TSH Energy Joint Venture B.V.	Mendelssohnlaan 33, 6815 ET, Arnhem, The Netherlands
Joyce Investments Sp. z o.o.	ul. Swietokrzyska 30 lok. 63, 00-116 Warsaw, Poland
Maryani Investments Sp. z o.o.	ul. Swietokrzyska 30 lok. 63, 00-116 Warsaw, Poland
Aurelian Petroleum S.R.L	6 Maior Ghe, Sontu Street, 3rd Floor, 011448, Bucharest, Romania

11. Equity accounted investments continued

2015

A summary of the financial information of the equity investments including an analysis of the impairment charge of €43.2 million is detailed below.

	Olesnica LLP (i)	South Prabuty LLP (i)	Wielun LLP (i)	Energia Torzym Sp. Z o.o. Spk (ii)	Energia Cybinka Sp. Z o.o. Spk (ii)	Poznan Energy B.V. (iii)	TSH Energy Joint Venture B.V. (iii)	Joyce Investments Sp. Z o.o.	Maryani Investments Sp. Z o.o.	Aurelian Petroleum s.r.l. (iv)	Total
Equity interest	75%	75%	75%	45%	45%	35%	35%	50%	50%	50%	
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Total comprehensive income	**(10)**	**(3)**	**(2)**	**(7)**	**(7)**	**–**	**–**	**–**	**–**	**–**	**(29)**
Non-current assets	982	870	813	10,592	3,846	17,180	77	813	813	–	35,986
Current assets (excluding cash)	34	13	36	366	17	603	38,071	36	36	6	39,218
Cash	1	1	–	7	3	–	–	–	–	159	171
Current liabilities	(1,035)	(893)	(859)	(11,143)	(3,959)	(347)	(1,075)	(859)	(859)	(8,962)	(29,991)
Net assets / (liabilities)	(18)	(9)	(10)	(178)	(93)	17,436	37,073	(10)	(10)	(8,797)	45,383
Group's interest in net assets of investee at 1 January 2015	7,082	2,684	5,482	2,112	1,497	427	25,099	–	–	–	44,483
Share of loss	(8)	(2)	(2)	(3)	(3)	–	–	–	–	–	(18)
Group's interest in net assets of investee at end of year	7,074	2,682	5,480	2,209	1,494	427	25,099	–	–	–	44,465
Other adjustments	–	–	–	(64)	(182)	55	206	–	–	–	15
Advances / (repayments)	219	125	163	146	290	893	279	–	–	–	2,115
Impairment	(7,293)	(2,807)	(5,643)	(2,291)	(1,602)	–	(15,584)	–	–	(8,025)	(43,245)
Transfers from exploration and evaluation assets	–	–	–	–	–	–	–	–	–	8,025	8,025
Transfers from other assets	–	–	–	–	–	–	–	–	–	–	–
Disposals	–	–	–	–	–	–	–	–	–	–	–
Foreign exchange	–	–	–	–	–	–	–	–	–	–	–
Carrying amount of interest in investee at 31 December 2015	**–**	**–**	**–**	**–**	**–**	**1,375**	**10,000**	**–**	**–**	**–**	**11,375**

The above interests are accounted for as equity accounted investments as San Leon does not have control over the entities, which are governed under Joint Venture Agreements requiring the approval of both parties to the Joint Venture Agreement in respect of all operating decisions.

The Directors recognise that the future realisation of the equity accounted investments is dependent on future successful exploration and appraisal activities and subsequent production of oil and gas reserves.

11. Equity accounted investments continued

2014

A summary of the financial information of the equity investments is detailed below.

	Olesnica LLP	South Prabuty LLP	Wielun LLP	Energia Torzym Sp. Z o.o. Spk	Energia Cybinka Sp. Z o.o. Spk	Poznan Energy B.V.	TSH Energy Joint Venture B.V.	Energia Zachod Sp. Z o.o.	Joyce Investments Sp. Z o.o.	Maryani Investments Sp. Z o.o.	Total
Equity interest	75%	75%	75%	45%	45%	35%	35%	90%	50%	50%	
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Total comprehensive income	**(5)**	**(2)**	**(4)**	**(3)**	**(3)**	**–**	**–**	**(1)**	**(56)**	**(27)**	**(101)**
Non-current assets	958	844	804	10,663	3,720	17,180	77	–	536	–	34,782
Current assets (excluding cash)	9	9	13	29	16	603	38,071	–	5	7	38,762
Cash	1	–	–	25	7	–	–	–	8	101	142
Current liabilities	(162)	(93)	(133)	(10,892)	(3,729)	(347)	(1,075)	–	(940)	(830)	(18,201)
Net assets / (liabilities)	**806**	**760**	**684**	**(175)**	**14**	**17,436**	**37,073**	**–**	**(391)**	**(722)**	**55,485**
Group's interest in net assets of investee at 1 January 2014	666	84	55	(13)	(16)	–	–	(41)	(110)	(462)	163
Share of loss	(4)	(2)	(3)	(1)	(2)	–	–	(1)	(27)	(14)	(54)
Group's interest in net assets of investee at end of year	662	82	52	(14)	(18)	–	–	(42)	(137)	(476)	109
Other adjustments	6,464	2,602	5,545	2,043	1,367	–	–	1,681	3,038	826	23,566
Advances / (repayments)	(44)	–	(115)	183	148	427	115	286	55	–	1,055
Impairments	–	–	–	–	–	–	–	–	(3,007)	(339)	(3,346)
Transfers from exploration and evaluation assets	–	–	–	–	–	–	23,231	–	–	–	23,231
Transfers from other assets	–	–	–	–	–	–	1,753	–	–	–	1,753
Disposals	–	–	–	–	–	–	–	(1,922)	–	–	(1,922)
Foreign exchange	–	–	–	–	–	–	–	(3)	51	(11)	37
Carrying amount of interest in investee at 31 December 2014	**7,082**	**2,684**	**5,482**	**2,212**	**1,497**	**427**	**25,099**	**–**	**–**	**–**	**44,483**

The above interests are accounted for as equity accounted investments as San Leon does not have control over the entities, which are governed under Joint Venture Agreements requiring the approval of both parties to the Joint Venture Agreement in respect of all operating decisions.

The Directors recognise that the future realisation of the equity accounted investments is dependent on future successful exploration and appraisal activities and subsequent production of oil and gas reserves.

12. Property, plant and equipment

Group	Plant & equipment €'000	Assets under construction €'000	Office equipment €'000	Motor vehicles €'000	Total €'000
Cost					
At 1 January 2014	5,570	6,699	1,172	476	13,917
Additions	–	1,807	211	2	2,020
Currency translation adjustment	(143)	–	(13)	(11)	(167)
Disposals	(87)	–	(244)	–	(331)
At 31 December 2014	5,340	8,506	1,126	467	15,439
Additions	–	514	–	–	514
Disposals	–	–	(40)	(39)	(79)
Currency translation adjustment	12	–	–	–	12
At 31 December 2015	5,352	9,020	1,086	428	15,886
Depreciation					
At 1 January 2014	2,491	–	668	244	3,403
Disposals	(87)	–	(94)	–	(181)
Charge for the year	1,098	–	270	86	1,454
Currency translation adjustment	(57)	–	(7)	(5)	(69)
At 31 December 2014	3,445	–	837	325	4,607
Disposals	–	–	–	–	–
Currency translation adjustment	8	–	–	–	8
Charge for the year	839	–	118	48	1,005
At 31 December 2015	4,292	–	955	373	5,620
Net book values					
At 31 December 2015	**1,060**	**9,020**	**131**	**55**	**10,266**
At 31 December 2014	1,895	8,506	289	142	10,832

Company	Assets under construction €'000	Office equipment €'000	Total €'000
Cost			
At 1 January 2014	6,703	437	7,140
Additions	1,807	–	1,807
At 31 December 2014	8,510	437	8,947
Additions	514	–	514
At 31 December 2015	9,024	437	9,461
Depreciation			
At 1 January 2014	–	216	216
Charge for the year	–	101	101
At 31 December 2014	–	317	317
Charge for the year	–	87	87
At 31 December 2015	–	404	404
Net book values			
At 31 December 2015	**9,024**	**33**	**9,057**
At 31 December 2014	8,510	120	8,630

Assets under construction relate to the Group's Oil Shale Project in Morocco. The asset is not in use and, therefore, is not currently being depreciated.

13. Other non-current assets

	Group 2015 €'000	Group 2014 €'000	Company 2015 €'000	Company 2014 €'000
Deposits on Spanish oil and gas concession applications (i)	736	736	–	–
Deposits on Spanish oil and gas concessions (i)	97	97	–	–
	833	833	–	–

(i) The deposits paid are recoverable on completion of work programmes attached to each of the concessions. In 2016 €0.6 million was returned to the Company in relation to oil and gas concession applications that were withdrawn by the Company.

14. Financial assets – Company

	2015 €'000	2014 €'000
Investment in subsidiary undertakings at cost:		
Balance at beginning of year	146,386	184,808
Impairment during the year (i)	(98,264)	(30,982)
Capital contribution in respect of share options	–	1,044
Capital reduction by Canadian subsidiary	–	(2,995)
Disposal of subsidiary	–	(5,489)
Balance at end of year	48,122	146,386

(i) The impairments to the Company's investment in subsidiary undertakings recorded in 2015 and 2014 reflect the write down in the carrying value of the Group's exploration and evaluation assets in each year.

14. Financial assets – Company continued

At 31 December 2015, the Company had the following principal subsidiaries, all of which are wholly owned through holding all of the issued ordinary shares of the entities:

Name	Registered office
Directly held:	
San Leon Energy B.V.	Kabelweg 37, 1014 BA, Amsterdam, The Netherlands
San Leon (USA) Limited	1st Floor, Wilton House, Wilton Place, Dublin 2
San Leon (Morocco) Limited	PO Box 146, Trident Chambers, Tortola, BVI
San Leon (Netherlands) Limited	PO Box 146, Trident Chambers, Tortola, BVI
San Leon Italy Srl	Piazza Vescovio, 700199 Rome, Italy
San Leon Services Limited	12 Castle Street, St. Helier, Jersey JE2 3RT
Gold Point Energy Corp.	Suite 700, 625 Howe Street, Vancouver, B.C. V6C 2T6, Canada
0921642 B.C. Unlimited Liability Company	Suite 1700, Park Place, 666 Burrard Street, Vancouver BC V6C 2X8, Canada
Aurelian Oil & Gas Limited	84 Brook Street, London, W1K 5EF, United Kingdom
Indirectly held:	
Baltic Oil and Gas Sp. Z o.o.	ul. Moniuszki 1A, 00-014 Warsaw, Poland
Vabush Energy Sp. z o.o.	ul. Moniuszki 1A, 00-014 Warsaw, Poland
Braniewo Energy Sp. Z o.o.	ul. Moniuszki 1A, 00-014 Warsaw, Poland
Novaseis Sp. z o.o.	ul. Moniuszki 1A, 00-014 Warsaw, Poland
Helland Energy Sp. z o.o.	ul. Moniuszki 1A, 00-014 Warsaw, Poland
San Leon Services Sp. z o.o.	ul. Moniuszki 1A, 00-014 Warsaw, Poland
San Leon Czersk Sp. z o.o.	ul. Moniuszki 1A, 00-014 Warsaw, Poland
San Leon Praszka Sp. z o.o.	ul. Moniuszki 1A, 00-014 Warsaw, Poland
Aurelian Oil and Gas Poland Sp. z o.o.	ul. Moniuszki 1A, 00-014 Warsaw, Poland
Energia Cybinka Sp. z o.o.	ul. Moniuszki 1A, 00-014 Warsaw, Poland
Energia Torzym Sp. z o.o.	ul. Moniuszki 1A, 00-014 Warsaw, Poland
Energia Kalisz Sp. z o.o.	ul. Moniuszki 1A, 00-014 Warsaw, Poland
Energia Karpaty Wschodnie Sp. z o.o.	ul. Moniuszki 1A, 00-014 Warsaw, Poland
Energia Karpaty Zachodnie Sp. z o.o.	ul. Moniuszki 1A, 00-014 Warsaw, Poland
Energia Karpaty Zachodnie Sp. z o.o. Spk.	ul. Moniuszki 1A, 00-014 Warsaw, Poland
Energia Bieszczady Sp. z o.o.	ul. Moniuszki 1A, 00-014 Warsaw, Poland
Gora Energy Sp. z o.o.	ul. Moniuszki 1A, 00-014 Warsaw, Poland
Liesa Energy Sp. z o.o.	ul. Moniuszki 1A, 00-014 Warsaw, Poland
T.K. Exploration Sp. z o.o.	ul. Moniuszki 1A, 00-014 Warsaw, Poland
Gdansk Energy Sp. z o.o.	ul. Moniuszki 1A, 00-014 Warsaw, Poland
Szczawno Energy Sp. z o.o.	ul. Moniuszki 1A, 00-014 Warsaw, Poland
San Leon Durresi B.V.	Kabelweg 37, 1014 BA, Amsterdam, The Netherlands
San Leon Morocco B.V.	Kabelweg 37, 1014 BA, Amsterdam, The Netherlands
San Leon Offshore Morocco B.V.	Kabelweg 37, 1014 BA, Amsterdam, The Netherlands
San Leon Tarfaya Shale B.V.	Kabelweg 37, 1014 BA, Amsterdam, The Netherlands
Seisquest B.V.	Kabelweg 37, 1014 BA, Amsterdam, The Netherlands
San Leon Adriatiku B.V.	Kabelweg 37, 1014 BA, Amsterdam, The Netherlands

14. Financial assets – Company continued

Name	Registered office
San Leon Canada Limited (formerly Realm Energy International Corporation)	Suite 1700, Park Place, 666 Burrard Street, Vancouver, BC V6C 2X8, Canada
Realm Energy Operations Corporation	Suite 1700, Park Place, 666 Burrard Street, Vancouver BC V6C 2X8, Canada
Realm Energy (BVI) Corporation	Walkers Chambers, 171 Main Street, Road Town, Tortola, BVI
Realm Energy International Coopteratief U.A.	Kabelweg 37, 1014 BA, Amsterdam, The Netherlands
Realm Energy International Holding B.V.	Kabelweg 37, 1014 BA, Amsterdam, The Netherlands
Realm Energy European Investments B.V.	Kabelweg 37, 1014 BA, Amsterdam, The Netherlands
Frontera Energy Corporation S.L.	Paseo Independancia 24-26, 6º 2ª, Zaragoza, Spain
San Leon Wielun B.V.	Kabelweg 37, 1014 BA, Amsterdam, The Netherlands
San Leon Olesnica B.V.	Kabelweg 37, 1014 BA, Amsterdam, The Netherlands
San Leon South Prabuty B.V.	Kabelweg 37, 1014 BA, Amsterdam, The Netherlands
San Leon Energy (UK) Limited	84 Brook Street, London, W1K 5EF, United Kingdom
AOG Finance Limited	84 Brook Street, London, W1K 5EF, United Kingdom
Balkan Explorers (Bulgaria) Limited	84 Brook Street, London, W1K 5EF, United Kingdom

The principal activity of all of the above companies is oil and gas exploration with the exception of San Leon Services Limited, San Leon Energy (UK) Limited and San Leon Services Sp. z o.o. which provide employment and administrative services to the Group.

The Company's joint ventures are listed in Note 11.

15. Financial assets

Group	Barryroe 4.5% net profit interest (i) €'000	Quoted shares (ii) €'000	Unquoted shares (iii) €'000	Total €'000
Cost				
At 1 January 2014	37,083	349	5,360	42,792
Fair value movement	5,040	63	–	5,103
At 31 December 2014	42,123	412	5,360	47,895
Fair value movement	4,895	(237)	–	4,658
At 31 December 2015	47,018	175	5,360	52,553
At 31 December 2015	**47,018**	**175**	**5,360**	**52,553**
At 31 December 2014	42,123	412	5,360	47,895

15. Financial assets continued

Company	Barryroe 4.5% net profit interest (i) €'000	Quoted shares (ii) €'000	Unquoted shares (iii) €'000	Total €'000
Cost				
At 1 January 2014	–	349	5,360	5,709
Fair value movement	–	63	–	63
At 31 December 2014	–	412	5,360	5,772
Additions (i)	39,198	–	–	39,198
Fair value movement	7,820	(237)	–	7,583
At 31 December 2015	47,018	175	5,360	52,553
At 31 December 2015	**47,018**	**175**	**5,360**	**52,553**
At 31 December 2014	–	412	5,360	5,772

(i) Barryroe – 4.5% net profit interest

The Directors have estimated the fair value of the NPI by reference to a third party evaluation report of contingent resources and cash flows prepared Netherland Sewell & Associates Inc. (NSAI) in July 2013 for Providence Resources Plc ("Providence").

NSAI reported that the Basal Wealden oil reservoir has an estimated 2C in-place gross on-block volume of 761 MMBO with recoverable resources of 266 MMBO and 187 BCF of associated gas, based on a 35% oil recovery factor. In July 2013, NSAI also provided an estimate of the cash flows attributable to Providence's net interest from the Basal Wealden oil reservoir only. It estimated Providence's net present value at USD 2.63 billion in the 2C case (estimated recoverable resources of 266 MMBO and 187 BCF of associated gas) at a 10% discount rate. Further details are available on the Providence website.

Further information has also been made available regarding the revised development plan or development costs which are key inputs into the valuation model.

As San Leon is not the operator of this licence, the Group does not have the ability to commission an independent technical evaluation of the licence area. Therefore, the directors believe that the NSAI report, when coupled with other information released by Providence and adopted for certain changes in the market, gives the basis for the best estimate of fair value at year end.

The key information relevant to the fair value of the Barryroe 4.5% net profit interest is as follows:

Valuation technique	Significant unobservable inputs	Inter-relationships between the measurement unobservable inputs and fair value
Third party evaluation report prepared by NSAI in July 2013 as released by Providence Resources Plc and internal management assumptions / amendments based on a net present value of future cash flows model.	• Oil production of 261MM BBL over the life of the field on a successful development of the 2C contingent resources case • Life of field expected to be 24 years • Oil price over the period is assumed to be US$40/bbl • Opex is discounted by 30% relative to original economic model, and capex by 40% to reflect market conditions • Discount rate 10%	The estimated fair value would increase / (decrease) if: • The capital expenditure required to develop the field (decreased) / increased • The oil price per barrel increased / (decreased) • The resource estimates increased / (decreased) or the life of the field increased / (decreased) • US Dollar exchange rate increased / (decreased)

15. Financial assets continued

(ii) Amedeo Resources plc

In 2013 the Company purchased 71,225,000 ordinary shares in Amedeo Resources plc, a company listed on the AIM Market in London, for a total consideration of €1,329,349. The market value of the shares at 31 December 2015 was €174,678 (2014: €411,494).

(iii) Ardilaun Energy Limited

As part of the consideration for the sale of Island Oil and Gas Limited to Ardilaun Energy Limited ("Ardilaun") in 2014. Ardilaun agreed to issue shares equivalent to 15% of the issued share capital of Ardilaun. The original fair value of the 15% interest in Ardilaun was based on a market transaction in Ardilaun shares. The Directors have considered the carrying value of this interest at 31 December 2015 and are satisfied that the carrying value continues to be appropriate in the absence of further market data.

16. Inventory

	Group 2015 €'000	Group 2014 €'000	**Company 2015 €'000**	Company 2014 €'000
Spare parts and consumables	**329**	321	**–**	–

Spare parts includes drilling equipment and consumables utilised by the Group's seismic services company and will be consumed within 12 months.

17. Trade and other receivables

	Group 2015 €'000	Group 2014 €'000	**Company 2015 €'000**	Company 2014 €'000
Amounts falling due within one year:				
Trade receivables from joint operating partners	**196**	713	**686**	376
Amounts owed by group undertakings*	**–**	–	**649**	99,573
VAT and other taxes refundable	**927**	1,138	**51**	22
Other debtors	**5,151**	7,919	**832**	4,168
Prepayments and accrued income	**272**	574	**1,890**	2,564
	6,546	10,344	**4,108**	106,703

* Amounts owed by the Group's undertakings are interest free and repayable on demand with the exception of any amounts due from the Group's Polish subsidiaries which are repayable on demand but subject to a market rate of interest from the date the loan was advanced.

18. Other financial assets

	Group 2015 €'000	Group 2014 €'000	**Company 2015 €'000**	Company 2014 €'000
Restricted cash at bank	**1,370**	1,335	**84**	182

Restricted cash at bank at 31 December 2015 includes deposit accounts held in support of bank guarantees required under the Moroccan exploration licences, Zag and Tarfaya held by the Group.

19. Cash and cash equivalents

	Group 2015 €'000	Group 2014 €'000	**Company 2015 €'000**	Company 2014 €'000
Cash and cash equivalents	**913**	1,809	**572**	1,439

20. Trade and other payables

	Group 2015 €'000	Group 2014 €'000	**Company 2015 €'000**	Company 2014 €'000
Current				
Trade payables	**10,618**	9,246	**4,025**	2,287
Amounts owed to group undertakings*	**–**	–	**28,178**	28,042
PAYE / PRSI	**306**	519	**80**	138
Other creditors	**1,437**	199	**107**	119
Accruals	**2,020**	1,000	**556**	3,369
Director's loan (Note 29)	**202**	–	**202**	–
	14,583	10,964	**33,148**	33,955

* Amounts owed to Group undertakings are interest free and repayable on demand with the exception of any amounts due to the Group's Polish subsidiaries which are repayable on demand but subject to a market rate of interest from the date the loan was advanced.

21. Derivative liability

	Group 2015 €'000	Group 2014 €'000	**Company 2015 €'000**	Company 2014 €'000
Non-current				
Derivative	**–**	4	**–**	4
	–	4	**–**	4

In 2012, the Company issued 110,000< and 111,250< warrants to a non-employee with an exercise price of £11.00 for periods of 3.9 years and 4.6 years respectively. The warrants replaced instruments previously issued in connection with a convertible loan note issued to the Company. The fair value of the warrants issued has been calculated using the Black Scholes Model. The fair value was nil at year end.

< Adjusted to reflect the share consolidation in July 2015. Further details are provided in Note 24.

Valuation technique	**Significant unobservable inputs**	**Inter-relationships between the measurement unobservable inputs and fair value**
Black-Scholes Model	• Stock asset price between £0.60 and £1.18 • Option strike price between £2.00 and £11.00 • Average maturity of 3 years • Risk-free interest rate of 1.25% • Share price volatility of 65%	The estimated fair value would increase / (decrease) if: • The share price increased / (decreased) • Sterling exchange rate increased / (decreased) • The risk free interest rate increased / (decreased)

22. Loans and borrowings

	Group 2015 €'000	Group 2014 €'000	Company 2015 €'000	Company 2014 €'000
Current				
YA Global Masters SPV Limited (i)	**3,318**	3,343	**3,318**	3,343
Palomar Holdings Limited (ii)	**–**	2,471	**–**	2,471
LPL Finance Limited (iii)	**1,022**	–	**1,022**	–
Other	**438**	–	**438**	–
	4,778	5,814	**4,778**	5,814

(i) In 2014, the Company received a loan of US$3,200,000 from YA Global Masters SPV Limited with an arrangement fee of US$800,000.

(ii) In 2014, the Company received a loan of US$3,000,000 from Palomar Holdings Limited. This loan was repaid in 2015.

(iii) Oisín Fanning has personally guaranteed the loan from LPL Finance Limited. See Note 29 for further details.

23. Provisions for liabilities

Group	Decommissioning €'000	Arbitration €'000	Other €'000	Total €'000
At 1 January 2015	–	–	1,457	1,457
Provision during the year	4,291	20,561	–	24,852
Exchange rate adjustment	–	–	(102)	(102)
At 31 December 2015	**4,291**	**20,561**	**1,355**	**26,207**
Current	**415**	**–**	**1,355**	**1,770**
Non-current	**3,876**	**20,561**	**–**	**24,437**

Decommissioning
The provision for decommissioning costs is recorded at the value of the expenditures expected to be required to settle the Group's future obligations on the decommissioning of previously drilled wells.

Arbitration
Aurelian Oil & Gas Limited ("Aurelian") and a number of other subsidiaries (the 'subsidiaries') have been unsuccessful in their appeal against the findings of the International Court of Arbitration of the International Chamber of Commerce ("ICC"), in relation to an award dated 21 May 2015 in an arbitration between the subsidiaries and Avobone N.V. and Avobone Poland B.V.

The subsidiaries appealed to the UK Commercial Court in October 2015 to set aside the ICC's findings and award. The findings of the Commercial Court, received by the Company on 4 February 2016 but not conclusive until 11 February 2016 were that the subsidiaries' appeal was dismissed. Accordingly, the award has been provided for in full.

Other
Certain Realm Energy International Corporation shareholders exercised rights of dissent under Canadian law not to accept the terms of acquisition in 2011. Under Canadian law, these dissenting shareholders are eligible to receive a cash payment equal to the fair value of their shareholding at acquisition. The provision represents the Directors' estimate of the cash consideration to be paid to those shareholders taking account of the market price of the Realm shares at acquisition.

24. Share capital – Group and Company

	Number of New Ordinary shares €0.01 each	Number of Deferred Ordinary shares €0.0001 each 'm	Number of Ordinary shares €0.05 each	Authorised equity '000
Authorised equity				
At 1 January 2014 and 1 January 2015	–	–	3,100,000,000	155,000
Consolidation and subdivision	15,500,000,000	1,265,259	(3,100,000,000)	–
At 31 December 2015	**15,500,000,000**	**1,265,259**	**–**	**155,000**

Issued, called up and fully paid:

	Number of New Ordinary shares €0.01 each	Number of Deferred Ordinary shares €0.0001 each 'm	Number of Ordinary shares €0.05 each	Share capital €'000	Share premium €'000
At 1 January 2014	–	–	2,531,218,948	126,561	164,233
Issue of shares to non-controlling interest	–	–	3,817,224	191	335
Issue of shares on exercise of warrants and options	–	–	536,508	27	6
Expenses directly relating to share placing in 2013		–		–	(474)
At 31 December 2014	**–**	**–**	**2,535,572,680**	**126,779**	**164,100**
Issue of shares	–	–	17,295	1	1
Consolidation and subdivision	25,355,899	1,265,259	(2,535,589,975)	–	–
Issue of shares to non-controlling interest	–	–	–	–	–
Issue of shares on placing	36,250,000	–	–	363	40,801
Issue of advisor shares on placing	203,153	–	–	2	224
At 31 December 2015	**61,809,052**	**1,265,259**	**–**	**127,145**	**205,126**

On 16 June 2015, the Company issued 17,295 €0.05 Ordinary Shares at £0.1175 in relation to conversion notices issued by the holders of exchangeable shares issued under the terms of the acquisition of the Realm Energy International Corporation.

Share capital reorganisation
On 15 July 2015, a share consolidation and subdivision took place whereby 2,535,589,975 existing ordinary shares of €0.05 each were consolidated on the following basis:

(a) each Existing Ordinary Share in issue was sub-divided into one Intermediate Ordinary Share of EUR0.0001 each and 499 Deferred Shares of EUR0.0001 each;

(b) every one hundred Intermediate Ordinary Shares in issue was consolidated into one New Ordinary Share of EUR0.01 each;

(c) each authorised but un-issued Existing Ordinary Share was sub-divided into five New Ordinary Shares;

(d) no shareholder may hold a fraction of a share and accordingly fractional entitlements arising out of the consolidation under sub-paragraph (b) above were aggregated.

An amendment of the Company's Articles of Association set out the rights and restrictions attaching to the Deferred Shares.

On the same day, the Company issued 36,250,000 €0.01 New Ordinary Shares as a cash equity placing.

There were also 203,153 €0.01 New Ordinary Shares issued to advisors in consideration for their professional fees in relation to the 36,250,000 €0.01 New Ordinary Shares placing.

25. Reserves and non-controlling interest

The Statement of Changes in Equity outlines the movement in reserves during the year. Further details of these reserves are set out below:

Currency translation reserve
The currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Share based payments reserve
The share based payments reserve comprises the fair value of all share options which have been charged over the vesting period, net of the amount relating to share options which have expired, been cancelled and have vested.

Non-controlling interest
The non-controlling interest related to shares that were issued by San Leon Energy plc to the holders of exchangeable shares issued as part consideration for the acquisition of Realm Energy International Corporation in 2011. The exchangeable shares do not have any voting or dividend rights and are exchangeable on a one for one basis into ordinary shares of San Leon Energy plc.

Available for sale fair value reserve
The available for sale fair value reserves comprises fair value adjustments arising on Group's available for sale financial assets (Note 15).

26. Share based payments

Prior to 31 December 2012, the Group had one share based payment scheme for executives and senior employees of the Group. In accordance with the provisions of the plan, as approved by shareholders at a previous general meeting, executives and senior employees may be granted options to purchase ordinary shares.

Each share option converts into one ordinary share of San Leon Energy Plc on exercise and options do not carry rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. The options vest in tranches subject to the achievement of certain service and non-market performance conditions. Market conditions in relation to the achievement of share price trading levels also apply in the case of certain options granted to the directors, further details of which are set out in the Directors' Report.

During the first quarter of 2013, this scheme was replaced by a more formal Share Option Plan, which will govern all future awards of share options made by San Leon. All employees, and certain directors and consultants, may from time to time be eligible to receive a discretionary bonus to be awarded in the form of options over San Leon Ordinary shares. Historic options in respect of San Leon shares will continue to be governed by the terms and conditions set out in the historic share based payments scheme.

The Group's equity share options are equity settled share based payments as defined in IFRS 2: Share Based Payments. The total share based payment charge for the year has been calculated based on grant date fair value obtained using an option pricing model with a discount for market conditions applied based on a Monte Carlo simulator analysis where appropriate. The charge for the year is €4,541,565 (2014: €1,211,407) which includes the charge for the shares to be issued to Oisín Fanning in lieu of salary.

26. Share based payments continued

The movement on outstanding share options and warrants during the year was as follows:

	2015		2014	
	Number of options / warrants <	**Weighted average exercise price <**	Number of options / warrants <	Weighted average exercise price <
Balance at beginning of the financial year	**1,904,739**	**£12.70**	1,930,210	£15.30
Granted during the year	**2,500,000**	**£0.64**	5,000	£6.70
Expired during the financial year	**(514,739)**	**£11.09**	(25,106)	£21.70
Effect of modification during the financial year	**6,127,043**	**£1.75**	–	–
Exercised during the financial year	**–**	**–**	(5,365)	£4.90
Balance at end of the financial year	**10,017,043**	**£2.29**	1,904,739	£12.70
Exercisable at end of the financial year	**9,368,844**	**£1.72**	1,137,972	£12.40

< Adjusted to reflect the share consolidation in July 2015. Further details are provided in Note 24.

The range of exercise prices of outstanding options / warrants at year end is £0.60-£35.00 (2014: £4.00 - £62.00).

The weighted average remaining contractual life for options / warrants outstanding at 31 December 2015 is 4.43 years (2014: 2.96 years).

No options or warrants were exercised in the current or previous year.

The following table lists the fair value of options granted and the inputs to the models used to calculate the grant date fair values of awards granted in 2015 and 2014:

	2015	2014
Weighted average fair value of options granted during year (adjusted)	**£0.34**	£0.30
Weighted average share price of options at date of grant (adjusted)	**£0.64**	£0.40
Dividend yield	**0%**	0%
Expected volatility	**65%**	65%
Risk-free interest rate	**1.1% - 1.7%**	1.1% - 1.7%
Expected option life	**7 - 10 years**	7 - 10 years
Expected early exercise %	**0%**	10%
Model used	**Black-Scholes Model**	Black-Scholes Model

The expected life used in the model is based on the expectation of management including the probability of meeting market conditions (where applicable) attaching to the option and behavioural considerations and is not necessarily indicative of exercise patterns that may occur. Expected volatility is based on an analysis of the historical volatility of San Leon Energy Plc shares and comparable listed entities. The fair value is measured at the date of grant.

27. Commitments and contingencies

(a) Operating leases
Commitments under operating leases are as follows:

	Property 2015 €'000	Motor vehicles 2015 €'000	Total 2015 €'000	Total 2014 €'000
Payable:				
Within one year	1,276	26	1,302	1,049
Between one and five years	4,540	23	4,563	3,663
Over five years	697	–	697	1,315
	6,513	**49**	**6,562**	**6,027**

(b) Exploration, evaluation and development activities
The Group has commitments of approximately €5.2 million (2014: €11 million) in the year ended 31 December 2016 to contribute to its share of exploration and evaluation expenditure in respect of exploration licences and concessions held.

(c) Security for loans
Palomar Holdings Limited did have a charge over the assets of the Company's subsidiary Novaseis Sp.z o.o as security for the debt outlined in Note 22. This charge has been released on repayment of the loan in 2015. Oisín Fanning has personally guaranteed the loan from LPL Finance Limited referred to in Note 22.

28. Deferred tax

Recognised deferred tax assets and liabilities
Deferred tax assets and liabilities are attributable to the following:

	Assets		**Liabilities**		**Net**	
	2015 €'000	2014 €'000	**2015 €'000**	2014 €'000	**2015 €'000**	2014 €'000
Exploration and evaluation assets	**–**	–	**–**	(9,329)	**–**	(9,329)
Financial assets – net profit interest	**–**	–	**(14,922)**	(13,307)	**(14,922)**	(13,307)
Tax losses recognised	**5,836**	10,437	**–**	–	**5,836**	10,437
	5,836	10,437	**(14,922)**	(22,636)	**(9,086)**	(12,199)

Unrecognised deferred tax asset

	2015 €'000	2014 €'000
Tax losses	**10,276**	7,425
Capitalised expenditure	**27,652**	31,008
	37,928	38,433

Deferred tax assets have not been recognised in respect of the above items because it is not probable that future taxable profits will be available against which the Group can utilise these losses.

29. Related party transactions

Mr. Oisín Fanning
San Leon holds an option to acquire a property at market value from Mr. Fanning. The option has a remaining life of eleven years and the option fee of £300,000 is refundable when the Company either exercises or terminates the option. Mr. Fanning was paid £90,000 rent for the use of this property by the company.

The property is available for use by all staff and consultants requiring overnight accommodation while conducting business on behalf of the company.

A summary of the movement in Mr. Fanning's loan balance is set out below:

	€'000
At 1 January 2015	–
Advances during year	296
Expenses incurred on behalf of the company not yet reimbursed	(23)
Loan to San Leon during the year	(153)
Repayments during the year	(322)
At 31 December 2015 (Note 20)	**(202)**

At 31 December 2015 Mr Fanning was owed €0.2 million by the Company. During the year, the maximum amount outstanding on the loan was €56,692.

Mr. Fanning had personally guaranteed the loan from Palomar Holdings Limited which was repaid during the year and referred to in Note 22. He has also personally guaranteed the loan from LPL Finance Limited referred to in Note 22 which remains outstanding at 31 December 2015.

Green Corporate Finance Limited
San Leon Energy Plc and Green Corporate Finance Limited have a common director, Daniel Martin. San Leon have a legal services agreement with Green Corporate Finance Limited who were paid €161,438 in 2015 (2014: €150,936).

Surplan Limited
San Leon Energy Plc and Surplan Limited have a common director, Raymond King. San Leon have a consultancy agreement with Surplan Limited who were paid €149,976 in 2015 (2014: €143,952).

Key management
Key management is deemed to comprise the Board of Directors. The total remuneration paid to key management was as follows:

	2015 €'000	2014 €'000
Salary and emoluments	**820**	1,947
Shares to be issued in lieu of salary	**992**	–
Fees	**195**	231
Pension	**96**	96
Share based payment expense	**119**	533
Consultancy services	**311**	295
	2,533	3,102

29. Related party transactions continued

Company

Transactions with subsidiaries

Transactions between San Leon Energy Plc ("the Company") and its subsidiaries, which are related parties, have been eliminated on consolidation. At 31 December 2015, the Company is owed €120.7 million (2014: €99.6 million) by its subsidiaries in respect of funds advanced to and expenses discharged by the Company on their behalf. An impairment provision of €120 million against these debts has been provided for in the year (2014: nil. The Company owes €28 million (2014: €28 million) to subsidiaries in funds received and services provided by Group companies.

30. Financial instruments and financial risk management

The Group and Company's principal financial instruments comprise trade receivables, available for sale financial assets, other financial assets, trade payables and cash and cash equivalents.

The main purpose of these financial instruments is to provide finance for the Group and Company's operations.

The Group and Company's financial assets and liabilities are classified as:

- Loans and receivables: all trade and other receivables, amounts due to and from subsidiaries and cash and cash equivalents as disclosed in the statement of financial position
- Available for sale: financial assets – net profit interest and quoted investments as described in Note 15
- Liabilities at amortised cost: all trade and other payables and loans and borrowings as disclosed in the statement of financial position

The main risks arising from the Group and Company's financial instruments are foreign currency risk, credit risk, liquidity risk, interest rate risk and capital management. Management reviews and agrees policies for managing each of these risks in a non-speculative manner which are summarised below.

(a) Currency risk

The Group is exposed to foreign currency risk on transactions denominated in a currency, other than the relevant functional currency of the entities of the Group which consist of Euro, Sterling, US Dollars, Polish Zloty, Moroccan Dirhams and Canadian Dollars. The Euro is the presentation currency for financial reporting and budgeting. The Group manages its exposure by matching receipts and payments in the same currency and monitoring the residual net cash position. During the years ended 31 December 2015 and 2014, the Group did not utilise either forward currency contracts or other derivatives to manage foreign currency risk.

At 31 December 2015, the Group's principal exposure to foreign currency risk was as follows:

	Denominated in GBP£ €'000	Denominated in US$ €'000	Denominated in PLN €'000	Denominated in CAD €'000	Denominated in MAD €'000
Trade and other receivables (Note 17)	250	2,329	416	3	697
Trade and other payables (Note 20)	(2,262)	(4,668)	(1,132)	(616)	(1,287)
Provisions (Note 23)	–	–	–	(1,356)	–
Loans and borrowings (payable within one year) (Note 22)	(1,459)	(3,318)	–	–	–
Cash and cash equivalents (Note 19)	–	5	169	7	557
Other financial assets (Note 18)	–	1,286	84	–	–
Total 2015	**(3,471)**	**(4,366)**	**(463)**	**(1,962)**	**(33)**
Total 2014	(1,225)	(2,541)	(2,334)	(1,765)	1,232

30. Financial instruments and financial risk management continued

At 31 December 2015, the Company's principal exposure to foreign currency risk was as follows:

	Denominated in GBP£ €'000	Denominated in US$ €'000	Denominated in PLN €'000	Denominated in CAD €'000	Denominated in MAD €'000
Trade and other receivables (Note 17)	827	2,301	–	–	–
Trade and other payables (Note 20)	(26,833)	(365)	(715)	(553)	(5)
Loans and borrowings (payable within one year) (Note 22)	(1,459)	(3,318)	–	–	–
Cash and cash equivalents (Note 19)	45	49	9	–	557
Financial assets	–	–	84	–	–
Total 2015	**(27,420)**	**(1,333)**	**622**	**553**	**552**
Total 2014	(24,438)	(8,569)	10,091	626	541

The euro exchange rates used in the preparation of the financial statements were as follows:

	2015 Average rate	**2015 Closing rate**	2014 Average rate	2014 Closing rate
Sterling	**0.7259**	**0.7340**	0.8061	0.7789
US Dollars	**1.1095**	**1.0877**	1.3285	1.2141
Polish Zloty	**4.1841**	**4.2639**	4.1843	4.2732
Canadian Dollars	**1.4777**	**1.5116**	1.4661	1.4063
Moroccan Dirhams	**10.8597**	**10.7647**	11.0868	10.9619

Sensitivity analysis

If the Euro increased by 1% in value against the above currencies, the Group's loss for the year would increase and equity at year end would decrease by approximately €0.2 million. A 1% decrease in the Euro value would have an equal but opposite effect.

If the Euro increased by 1% in value against the above currencies, the Company's loss for the year would decrease and equity at year end would increase by approximately €0.3 million. A 1% decrease in the Euro value would have an equal but opposite effect.

(b) Credit risk

Credit risk refers to the risk that any counter-party will default on its contractual obligations resulting in financial loss to the Group.

The Group and Company's financial assets (excluding Financial Assets – Net Profit Interest, see (f) Fair values) comprise trade and other receivables and cash and cash equivalents. Due to the nature of trade and other receivables, there is no significant exposure to credit risk on these assets. The credit risk on amounts receivable from joint operating partners is managed by agreeing budgets in advance with partners and where appropriate collecting any material share of exploration costs from partners in advance of completing the exploration work programme.

The credit risk on cash and cash equivalents is considered limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies. The Group also holds limited funds for day to day operational purposes with Irish banking institutions which are subject to guarantee by the Irish government.
The Group and Company's maximum exposure to credit risk is equal to the carrying amount of cash and cash equivalents in its consolidated and company statement of financial position. The Group does not expect any counterparty to fail to meet its obligations.

30. Financial instruments and financial risk management continued

Details of cash deposits, which are all for terms of one month or less are as follows:

	2015 €'000	2014 €'000
Euro	**16**	16
Sterling	**–**	2
US Dollar	**5**	888
Polish Zloty	**169**	219
Canadian Dollar	**7**	6
Moroccan Dirhams	**557**	548
Romanian Lei	**159**	130
Other	**–**	–
	913	1,809

Cash deposits held by the Company total €572,478 at the reporting date (2014: €1,439,121), comprised of €14,838 in Euro, €45 in Sterling, €49 in US Dollars, €557,367 in Moroccan Dirhams and other €178.

(c) Liquidity risk management

Liquidity risk is the risk that the Group will not have sufficient funds to meet liabilities as they fall due. The Group manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Cash forecasts are produced to identify the liquidity requirements of the Group. Surplus cash is placed on deposit in accordance with limits and counterparties agreed by the Board, with the objective to maximise return on funds whilst ensuring that the short term cash requirements of the Group are maintained.

All cash and cash equivalents are due within three months. All trade and other receivables and trade and other payables are due within three months.

The Group's financial liabilities at 31 December 2015 are as follows:

Group	Less than 1 year €'000	One to two years €'000	Two to five years €'000	Total €'000
Trade and other payables and derivative (Note 20 & Note 21)	14,583	–	–	14,583
Loans and borrowings (Note 22)	4,778	–	–	4,778
Provisions (Note 23)	1,770	–	24,437	26,207
	21,131	**–**	**24,437**	**45,568**

Company	Less than 1 year €'000	One to two years €'000	Two to Five years €'000	Total €'000
Trade and other payables and derivative (Note 20 & Note 21)	33,148	–	–	33,148
Loans and borrowings (Note 22)	4,778	–	–	4,778
Provisions (Note 23)	–	–	–	–
	37,926	**–**	**263**	**37,926**

The contractual cashflows are equal to the carrying value of the financial liabilities included in the tables above.

30. Financial instruments and financial risk management continued

(d) Interest rate risk
The Group and Company's exposure to the risk of changes in market interest rates relates primarily to the Group and Company's holdings of cash and short term deposits.

It is the Group and Company's policy to place surplus funds on short term deposit in order to maximise interest earned whilst maintaining adequate short term liquidity for operational requirements.

(e) Capital risk management
The Group and Company manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group and Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust its capital structure, the Group may adjust or issue new shares or raise debt. No changes were made in the objectives, policies or processes during the years ended 31 December 2015 and 31 December 2014. The capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital, reserves and retained losses as disclosed in the consolidated statement of changes in equity together with long term borrowings.

San Leon has entered into a Standby Equity Distribution Agreement ("SEDA") with YA Global Master SPV Ltd ("Yorkville"), an investment fund managed by Yorkville Advisors LLC, for a GBP15 million equity line of credit. Under the terms of the agreement San Leon may draw down funds from time to time, at its sole discretion, in exchange for the issue of new shares in the capital of the Company. The term of this facility has been extended to 30 November 2017. The shares issued by the company will be priced at a 6% discount to the prevailing market price at the time of the draw down. The company may also set a minimum price for each draw down to ensure the company receives an acceptable price. No draw down of funds has occurred to date on this facility.

A facility of Stg15m from Brandon Hill Capital is available for a six month period in the event that the planned equity placing in 2016 does not complete.

(f) Financial assets and liabilities by category
As set out in the statement of accounting policies, Financial assets and liabilities recognised at fair value are analysed between those based on quoted prices in the active markets for identical assets or liabilities (Level 1), those involving inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly (Level 2); and those involving inputs for the assets or liabilities that are not based on observable market data (Level 3).

The following table sets out the carrying value of all the financial assets and liabilities held at 31 December 2015:

	Carrying amount 31 December 2015 €'000	Level 1 31 December 2015 €'000	Level 2 31 December 2015 €'000	Level 3^ 31 December 2015 €'000
Financial assets				
Barryroe NPI (Note 15)	47,018	–	–	47,018
Quoted shares (Note 15)	175	175	–	–
Unquoted shares (Note 15)	5,360	–	5,360	–
Trade receivables* (Note 17)	196	–	–	–
Other financial asset* (Note 18)	1,370	–	–	–
Cash and cash equivalents* (Note 19)	913	–	–	–
Other debtors* (Note 17)	5,151	–	–	–
Financial liabilities				
Trade payables* (Note 20)	(10,618)	–	–	–
Other creditors* (Note 20)	(1,437)	–	–	–
Provisions (Note 23)	(26,207)	–	–	–
At 31 December 2015	**21,921**	**175**	**5,360**	**47,018**

30. Financial instruments and financial risk management continued

Company	Carrying amount 31 December 2015 €'000	Level 1 31 December 2015 €'000	Level 2 31 December 2015 €'000	Level 3^ 31 December 2015 €'000
Financial assets				
Barryroe NPI (Note 15)				47,018
Quoted shares (Note 15)	175	175	–	–
Unquoted shares (Note 15)	5,360	–	5,360	–
Trade receivables* (Note 17)	686	–	–	–
Other financial asset* (Note 18)	84	–	–	–
Cash and cash equivalents* (Note 19)	572	–	–	–
Other debtors* (Note 17)	832	–	–	–
Financial liabilities				
Trade payables* (Note 20)	(4,025)	–	–	–
Other creditors* (Note 20)	(107)	–	–	–
Provisions (Note 23)	–	–	–	–
At 31 December 2015	**3,577**	**175**	**5,360**	**47,018**

* The Group has not disclosed the fair value of financial instruments such as short term receivables and payables, as it is considered that their carrying amounts are a reasonable approximation of their fair values.

^ For detailed disclosures on the valuation techniques of level 3 disclosures see the note referenced above.

During the period ended 31 December 2015, there were no significant changes in the business or economic circumstances that affect the fair value of financial assets and liabilities, no reclassifications and no transfers between levels of the fair value hierarchy used in measuring the fair value of the financial instruments.

(g) Hedging

At 31 December 2015 and 31 December 2014, the Group and Company had no outstanding contracts designated as hedges.

31. Subsequent events

Nigerian Onshore Production Arrangement

On 22 January 2016, San Leon announced that it had reached agreement to participate in a transaction which would result in the Company securing an initial 9.72% indirect economic interest in OML 18, onshore Nigeria for a total consideration of US$173 million. The OML 18 Production Arrangement represents an entry by the Company into the Nigerian onshore oil and gas production market, one of the largest in the world. The OML 18 Production Arrangement is considered by the Board to be a transformational transaction for the Company and is subject to shareholders approval at an EGM in July 2016.

San Leon and Midwestern Oil & Gas Company Limited ("Midwestern") have set up the SPV Midwestern Leon Petroleum Limited ("MLPL or BidCo") to complete the OML 18 Production Arrangement. The OML 18 Production Arrangement is structured in three parts, of which the initial stage was completed on 22 March 2016, with the finalisation of the Mart Acquisition. The Mart Acquisition comprised the provision of approximately US$73 million of funding provided by funds managed by Toscafund and structured as secured notes ("Loan Notes") issued by BidCo, which together with other transaction costs, enabled the acquisition of Mart Resources indirect shareholding in OML 18. Midwestern also contributed its indirect shareholding in OML 18 to BidCo. The Loan Notes have a coupon of 17% per annum and mature on 22 March 2020. Principal and interest repayments will be paid through a cash sweep of at least 65% of the available funds distributed to BidCo from OML 18.

31. Subsequent events continued

A further US$30 million, structured as Loan Notes, issued on the same terms as the previous Loan Notes (i.e 17% coupon), has also been provided by funds managed by Toscafund. BidCo has, through a share buyback of its own shares, completed the second step of the three-step OML 18 Production Arrangement. As a result Midwestern now holds 70.43% of BidCo and San Leon's share of BidCo has increased to 29.57%, equal to an economic interest in OML 18 of 5.75%.

In order to complete the subsequent parts of the OML 18 Production Arrangement (collectively the "Remaining Transactions"), BidCo will need to raise an additional US$70 million which is also intended to be structured as Loan Notes. Subject to completion of the OML 18 Production Arrangement and San Leon shareholder and regulatory approvals, San Leon will hold a 40% interest in BidCo. The Company has concluded that shareholder value would best be obtained by San Leon becoming the ultimate beneficial owner of the entire US$173 million of Loan Notes and has therefore agreed to purchase the Loan Notes from the funds managed by Toscafund.

Related party transaction
On 22 March 2016, San Leon entered into a conditional agreement to purchase up to all of the Loan Notes issued to Toscafund, plus accrued interest. The purchase is subject to approvals, consents and permissions including shareholder and regulatory approvals and is also dependent upon San Leon raising capital through a placing with institutional investors. In consideration for providing the debt finance to BidCo, San Leon has pledged its shares in BidCo to Toscafund (the "Share Pledge") and agreed to issue 10 million warrants in San Leon to Toscafund at a price of 25 pence per share (the "Warrants"). The Warrants are exercisable for the period of 7 years from the date of issue and their exercise is subject to shareholder approval and any other applicable regulatory approvals. The Company has also agreed to pay Toscafund an arrangement fee of US$3 million ("Arrangement Fee") on completion of the purchase by the Company of any of the Loan Notes.

Proposed conditional placing
The Company is therefore planning to undertake an equity fundraising of at least US$200 million (the "Placing"). The net proceeds of the Placing will be used (subject to any necessary shareholder and regulatory approvals) to:
- purchase the Loan Notes from Toscafund;
- subscribe for the additional US$70 million in Loan Notes to complete the OML 18 Production Arrangement;
- fund transaction costs; and
- provide working capital to the Company.

Suspension of Shares
As the OML 18 Production Arrangement represents a reverse takeover under AIM Rules, trading in the Company's ordinary shares were suspended and will remain suspended pending the publication of an admission document by the Company or an announcement that the proposed acquisition is not proceeding.

The OML 18 Production Arrangement and equity placing are subject to shareholder approval at an EGM which is expected to occur in July 2016.

Arbitration
Aurelian Oil & Gas Limited ("Aurelian") and a number of other subsidiaries (the 'subsidiaries') have been unsuccessful in their appeal against the findings of the International Court of Arbitration of the International Chamber of Commerce ("ICC"), in relation to an award dated 1 May 2015 in an arbitration between the subsidiaries and Avobone N.V. and Avobone Poland B.V.

The subsidiaries appealed to the UK Commercial Court in October 2015 to set aside the ICC's findings and award. The findings of the Commercial Court, received by the Company on 4 February 2016 but not conclusive until 11 February 2016 were that the subsidiaries' appeal was dismissed.

On 19 April 2016, Avobone indicated their intention to pursue the award against Aurelian through the Irish Courts.

See Note 23 for further details.

NOTES TO THE FINANCIAL STATEMENTS continued

for the year ended 31st December 2015

32. Approval of financial statements

The Financial Statements were approved by the Board on 28 June 2016.

CORPORATE INFORMATION

Directors	Oisín Fanning (Chairman) Paul Sullivan (Managing Director) Jeremy Boak (Non-Executive Director) – resigned 22 July 2015 Raymond King (Non-Executive Director) Daniel Martin (Non-Executive Director) Piotr Rozwadowski (Non-Executive Director) – resigned 5 May 2016	
Registered Office	First Floor Wilton Park House Wilton Place Dublin 2	
Secretary	Raymond King FCIS	
Auditor	KPMG Chartered Accountants 1 Stokes Place St Stephen's Green Dublin 2	
Principal Bankers	Allied Irish Bank 40/41 Westmoreland Street Dublin 2	
Solicitors	Whitney Moore Solicitors Wilton Park House Dublin 2	Mc Carthy Denning Limited Albert Buildings 49 Queen Victoria Street London EC4N 4SA
Nomad and Joint Broker	SP Angel Corporate Finance LLP (replaced Stockdale Securities Limited) Prince Frederick House, 35-39 Maddox Street London W1S 2PP	
Joint Stockbrokers	Whitman Howard Limited (replaced Macquarie Capital Advisors) First floor, Connaught House 1-3 Mount Street London W1K 3NB Brandon Hill Capital 1 Tudor Street London EC4Y 0AH	
Registrars	Computershare Investor Services (Ireland) Limited Heron House Corrig Road Sandyford Industrial Estate Dublin 18	
Public Relations	Vigo Communications One Berkeley Street London W1J 8DJ	
Registered Number	237825	

GLOSSARY

2C	Best estimate of Contingent Resources
AIM	The London Stock Exchange's AIM market
AIM Rules	AIM Rules for Companies
Aurelian	Aurelian Oil & Gas Limited (formerly Aurelian Oil & Gas PLC)
BCF or bcf	Billion cubic feet
B.V.	Dutch private limited company
BVI	British Virgin Islands
€'000	Euro, thousands
Gold Point Energy	Gold Point Energy Corp.
Group	San Leon and its subsidiaries
Island Oil & Gas	Island Oil & Gas PLC
km	Kilometres
LLP	Limited liability partnership
Ltd or limited	A private limited company incorporated under the laws of England and Wales, Scotland, certain Commonwealth countries and Ireland
m	Metres
'm	Millions
Nomad	A company that has been approved as a nominated advisor for AIM by the London Stock Exchange
NovaSeis	NovaSeis Sp. z o.o.
PLC or S.A.	A publicly held company
Providence	Providence Resources PLC
Realm or Realm Energy	Realm Energy International Corporation
San Leon or the Company	San Leon Energy PLC
SEDA	Standby Equity Distribution Agreement
Sp. z o.o.	Polish limited liability company
Sp. z o.o. sp.k	Polish LLP
SPV	Special purpose vehicle
Yorkville	YA Global Master SPV Ltd

Reserves

Proved	Reserves which have a 'reasonable certainty' of being recovered
Probable	Probable reserves are volumes that are defined as 'less likely to be recovered than proved, but more certain to be recovered than possible reserves'
Possible	Possible reserves are reserves which analysis of geological and engineering data suggests are less likely to be recoverable than probable reserves
Gross	Reserves before deduction of royalty
Net	Reserves after royalty plus royalty interest
1P	Proved
2P	Proved plus probable
3P	Proved plus probable plus possible

CONVERSION

The following table sets forth certain standard conversions from Standard Imperial Units to the International System of Units (or metric units).

To convert from	To	Multiply by
mcf	Cubic metres	28.174
Cubic metres	Cubic feet	35.494
bbls	Cubic metres	0.159
Cubic metres	bbls	6.290
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometres	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471

NOTES

NOTES

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