



30 September 2016

San Leon Energy Plc

Interim Results for the six months ended 30th June 2016

The following financial information on San Leon Energy Plc represents the Group's interim results for the 6 months ended 30 June 2016.

Consolidated income statement

For the six months ended 30 June 2016

	Un-audited 30/06/16 €'000	Un-audited 30/06/15 €'000	Audited 31/12/15 €'000
Revenue	187	1	145
Cost of sales	-	(1)	(1)
Gross profit	187	-	144
Administrative expenses	(5,663)	(4,365)	(17,049)
Impairment of exploration and evaluation assets	-	-	(123,659)
Impairment of equity accounted investments	-	-	(43,245)
Decommissioning of wells	-	-	(4,291)
Arbitration award	-	-	(20,561)
Loss from operating activities	(5,746)	(4,365)	(208,661)
Finance expense	(754)	(3,885)	(9,379)
Finance income	1	-	4
Share of loss of equity-accounted investments	(2)	(6)	(18)
Loss before income tax	(6,231)	(8,256)	(218,054)
Income tax expense	1	-	4,688
Loss for the period attributable to equity holders of the Group	(6,230)	(8,256)	(213,366)
		<	<
Loss per share (cent)			
Basic loss per share	(14.78)	(32.60)	(506.40)
Diluted loss per share	(14.78)	(32.60)	(506.40)

< Adjusted to reflect the share consolidation in July 2015.

Consolidated statement of other comprehensive income
for the six months ended 30 June 2016

	Un-audited 30/06/16 €	Un-audited 30/06/15 €'000	Audited 31/12/15 €'000
Loss for the period	(6,230)	(8,256)	(213,366)
Items that may be reclassified subsequently to the income statement			
Foreign currency translation differences – foreign operations	633	1,403	(3,320)
Fair value movements in available-for-sale financial assets	4,658	3,498	4,658
Deferred tax on fair value movements in available-for-sale financial assets	(1,615)	-	(1,615)
Total comprehensive loss for the period	(2,554)	(3,355)	(213,643)

Consolidated statement of changes in equity

For the period ended 30 June 2016

	Share capital reserve	Share premium reserve	Currency translation Reserve	Share based payment reserve	Fair value reserve	Retained earnings	Attributable to equity holders	Non-controlling interest	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 1 January 2016	127,145	205,126	(3,891)	12,049	2,966	(266,332)	77,063	-	77,063
Total comprehensive income for period									
Loss for the period	-	-	-	-	-	(6,230)	(6,230)	-	(6,230)
Other comprehensive income									
Foreign currency translation differences – foreign operations	-	-	634	-	-	-	634	-	634
Fair value movements in available-for-sale financial assets	-	-	-	-	(1,050)	-	(1,050)	-	(1,050)
Deferred tax on fair value movements in available-for-sale financial assets	-	-	-	-	314	-	314	-	314
Total comprehensive income for period	-	-	634	-	(736)	(6,230)	(6,332)	-	(6,332)
Transactions with owners recognised directly in equity									
Contributions by and distributions to owners									
Issue of shares for cash	-	-	-	-	-	-	-	-	-
Issue of advisor shares	-	-	-	-	-	-	-	-	-
Share based payment	-	-	-	458	-	-	458	-	458
Effect of share options cancelled	-	-	-	-	-	-	-	-	-
Change in ownership interests									
Shares issued to Realm shareholders on conversion of exchangeable shares	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	458	-	-	458	-	458
Balance at 30 June 2016	127,145	205,126	(3,257)	12,507	2,230	(272,562)	71,189	-	71,189

Consolidated statement of changes in equity

For the period ended 30 June 2016

	Share capital reserve €'000	Share premium reserve €'000	Currency translation In Group €'000	Share based payment reserve €'000	Fair value reserve €'000	Retained earnings €'000	Attributable to equity holders €'000	Non-controlling interest €'000	Total €'000
Balance at 1 January 2015	126,779	164,100	(571)	11,425	(77)	(50,869)	250,787	2	250,789
Total comprehensive income for period									
Profit for the period	-	-	-	-	-	(8,256)	(8,256)	-	(8,256)
Other comprehensive income									
Foreign currency translation differences – foreign operations	-	-	1,403	-	-	-	1,403	-	1,403
Fair value movements in available-for-sale financial assets	-	-	-	-	3,498	-	3,498	-	3,498
Total comprehensive income for period	-	-	1,403	-	3,498	(8,256)	(3,355)	-	(3,355)
Transactions with owners recognised directly in equity									
Contributions by and distributions to owners									
Share based payment	-	-	-	412	-	-	412	-	412
Effect of share options forfeit	-	-	-	-	-	-	-	-	-
Shares issued to Realm shareholders on conversion of exchangeable shares	1	1	-	-	-	-	2	(2)	-
Total transactions with owners	1	1	-	412	-	-	414	(2)	412
Balance at 30 June 2015	126,780	164,101	832	11,837	3,421	(59,125)	247,846	-	247,846

Consolidated statement of changes in equity

For the period ended 30 June 2016

	Share capital reserve €'000	Share premium reserve €'000	Currency translation In Group €'000	Share based payment reserve €'000	Fair value reserve €'000	Retained earnings €'000	Attributable to equity holders €'000	Non-controlling interest €'000	Total €'000
Balance at 1 January 2015	126,779	164,100	(571)	11,425	(77)	(50,869)	250,787	2	250,789
Total comprehensive income for year									
Loss for the year	-	-	-	-	-	(213,366)	(213,366)	-	(213,366)
Other comprehensive income									
Foreign currency translation differences – foreign operations	-	-	(3,320)	-	-	-	(3,320)	-	(3,320)
Fair value movements in available-for- sale financial assets	-	-	-	-	4,658	-	4,658	-	4,658
Deferred tax on fair value movements in available-for-sale financial assets	-	-	-	-	(1,615)	-	(1,615)	-	(1,615)
Total comprehensive income for year	-	-	(3,320)	-	3,043	(213,366)	(213,643)	-	(213,643)
Transactions with owners recognised directly in equity									
Contributions by and distributions to owners									
Issue of shares for cash	363	40,801	-	-	-	(6,015)	35,149	-	35,149
Issue of advisor shares	2	224	-	-	-	-	226	-	226
Share based payment	-	-	-	4,542	-	-	4,542	-	4,542
Effect of share options cancelled	-	-	-	(3,918)	-	3,918	-	-	-
Change in ownership interests									
Shares issued to Realm shareholders on conversion of exchangeable shares	1	1	-	-	-	-	2	(2)	-
Total transactions with owners	366	41,026	-	624	-	(2,097)	39,919	(2)	39,917
Balance at 31 December 2015	127,145	205,126	(3,891)	12,049	2,966	(266,332)	77,063	-	77,063

Consolidated statement of financial position

As at 30 June 2015

	Notes	Un-audited 30/06/16 €'000	Un-audited 30/06/15 €'000	Audited 31/12/15 €'000
Assets				
Non-current assets				
Exploration and evaluation assets	2	47,761	168,476	47,532
Equity accounted investments	3	11,417	44,602	11,375
Property, plant and equipment	4	9,825	10,484	10,266
Other non-current assets		277	833	833
Financial assets	5	51,503	51,392	52,553
		120,783	275,787	122,559
Current assets				
Inventory		315	333	329
Trade and other receivables	6	6,379	9,903	6,546
Other financial assets	7	1,261	1,434	1,370
Cash and cash equivalents	8	729	746	913
		8,684	12,416	9,158
Total assets		129,467	288,203	131,717
Equity and liabilities				
Equity				
Called up share capital	12	127,145	126,779	127,145
Share premium account	12	205,126	164,101	205,126
Share based payments reserve		12,507	11,837	12,049
Currency translation reserve		(3,257)	832	(3,891)
Fair value reserve		2,230	3,421	2,966
Retained earnings		(272,562)	(59,125)	(266,332)
Attributable to equity holders of the Group		71,189	247,845	77,063
Non-controlling interest		-	-	-
Total equity		71,189	247,845	77,063
Non-current liabilities				
Provisions	11	24,437	-	24,437
Deferred tax liabilities		8,772	12,199	9,086
		33,209	12,199	33,523
Current liabilities				
Trade and other payables	9	16,481	14,975	14,583
Drawdown facility	10	6,748	11,703	4,778
Provisions	11	1,840	1,481	1,770
		25,069	28,159	21,131
Total liabilities		58,278	40,358	54,654
Total equity and liabilities		129,467	288,203	131,717

Consolidated statement of cash flows

For the six months ended 30 June 2015

	Un-audited 30/06/16 €'000	Un-audited 30/06/15 €'000	Audited 31/12/15 €'000
Cash flows from operating activities			
Loss before tax – Continuing operations	(6,230)	(8,256)	(213,366)
Adjustments for:			
Depletion and depreciation	418	463	1,005
Finance expense	754	3,885	9,379
Finance income	(2)	-	(4)
Share based payments charge	459	-	4,278
Foreign exchange	1,080	1,013	(591)
Income tax	(1)	-	(4,688)
Impairment of exploration and evaluation assets – continuing operations	-	-	123,659
Impairment of equity accounted assets – continuing operations	-	-	43,245
Arbitration award	-	-	20,561
Decommissioning of wells	-	-	4,291
(Increase) in inventory	13	(13)	(8)
Non-current assets	556	-	-
Decrease in trade and other receivables	142	441	3,988
Increase in trade and other payables	2,079	4,010	3,490
Share of loss of equity-accounted investments	2	6	18
Tax repaid/(paid)	-	1	(112)
Net cash flows in operating activities	(730)	1,550	(4,855)
Cash flows from investing activities			
Expenditure on exploration and evaluation assets	(716)	(3,685)	(20,473)
Purchases of property, plant and equipment	(21)	(73)	(434)
Interest received	2	(4)	-
Decrease in restricted cash	83	-	99
Advances to equity accounted investments	(45)	(110)	(2,115)
Proceeds of farm-out arrangement	-	-	2,000
Net cash (used)/generated from investing activities	(697)	(3,872)	(20,923)
Cash flows from financing activities			
Proceeds of issue of shares	-	-	41,390
Cost of issue of shares	-	-	(6,015)
Proceeds from drawdown of other loans	1,851	4,672	6,106
Repayment of other loans	-	(3,132)	(7,805)
Movement in director loan	151	-	202
Interest and arrangement fees paid	(754)	(18)	(9,116)
Net cash generated/(used) in financing activities	1,248	1,522	24,762
Net increase in cash and cash equivalents	(179)	(800)	(1,016)
Effect of foreign exchange fluctuation on cash and cash equivalents	(5)	(263)	120
Cash and cash equivalents at start of period	913	1,809	1,809
Cash and cash equivalents at end of period	729	746	913

Notes to the Interim Financial Information

1. Basis of preparation and accounting policies

The Group interim financial information has been prepared in accordance with International Financial Reporting Standards and the accounting policies adopted are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2015. The interim financial information was approved by the Board of Directors on 30 September 2016.

The interim consolidated financial statements do not constitute statutory financial statements and therefore do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2015 which are available on the Group's website www.sanleonenergy.com.

The interim consolidated financial statements are presented in Euro ("€").

2. Exploration and evaluation assets

Cost and net book value	Un-audited 30/06/16 €'000
At 1 January 2015	163,375
Additions	20,473
Currency translation adjustment	(2,632)
Impairment of exploration assets	(123,659)
Proceeds from farm out arrangement	(2,000)
Transfer to equity accounted investments	(8,025)
At 31 December 2015	47,532
Additions	717
Exchange rate adjustment	(488)
At 30 June 2016	47,761

An analysis of exploration assets by geographical area is set out below:

	30/06/2016 €'000
Poland	12,372
Morocco	27,184
Spain	8,205
Total	47,761

The Directors have considered the licence, exploration and appraisal costs capitalised in respect of its exploration and evaluation assets, which are carried at historical cost. Those assets have been assessed for impairment and in particular with regard to remaining licence terms, likelihood of licence renewal, likelihood of further expenditures and on-going appraisals for each year. The directors are satisfied that there are no current indications of impairment, but recognise that the future realisation of these exploration and evaluation assets is dependent on future successful exploration and appraisal activities and the subsequent economic production of oil and gas reserves.

3. Equity accounted investments

	Un-audited 30/06/16 €'000	Un-audited 30/06/15 €'000	Audited 31/12/15 €'000
Opening balance	11,375	44,483	44,483
Transfer from exploration and evaluation assets	-	-	8,025
Impairment of equity accounted investments	-	-	(43,245)
Exchange rate adjustment	-	-	2,115
Net advances to equity accounted investments	44	125	(18)
Share of loss of equity accounted investments	(2)	(6)	15
	<hr/>	<hr/>	<hr/>
Closing balance	11,417	44,602	11,375

4. Property, plant and equipment

	Plant & equipment €'000	Assets under construction €'000	Office equipment €'000	Motor vehicles €'000	Total €'000
Cost					
At 1 January 2015	5,340	8,506	1,126	467	15,439
Additions	-	514	-	-	514
Currency translation adjustment	12	-	-	-	12
Disposals	-	-	(40)	(39)	(79)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2015	5,352	9,020	1,086	428	15,886
Additions	-	-	-	-	-
Exchange rate adjustment	(207)	29	(34)	(38)	(250)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2016	5,145	9,049	1,052	390	15,636
Depreciation					
At 1 January 2015	3,445	-	837	325	4,607
Currency translation adjustment	8	-	-	-	8
Charge for year	839	-	118	48	1,005
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2015	4,292	-	955	373	5,620
Exchange rate adjustment	(167)	-	(7)	(15)	(189)
Charge for period	357	-	23	-	380
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2016	4,482	-	971	358	5,811
Net book value					
At 30 June 2016	663	9,049	81	32	9,825
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 Dec 2015	1,060	9,020	131	55	10,266

Asset under construction relates to the Company's Oil Shale Project in Morocco.

5. Financial assets

	Barryroe 4.5% net profit interest (i) €'000	Quoted shares (ii) €'000	Unquoted shares (iii) €'000	Total €'000
Cost				
At 1 January 2015	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
Fair value movement	(953)	(97)	-	(1,050)
At 30 June 2016	46,065	78	5,360	51,503
At 30 June 2015	45,707	325	5,360	51,392

(i) Barryroe – 4.5% net profit interest

In December 2011, San Leon Energy assigned its 30% working interest in Standard Exploration Licence 1/11 ("Licence" or "Barryroe") in the Celtic Sea, Ireland to Providence Resources Plc ("Providence") in exchange for a 4.5% Net profit interest ("NPI") in the full field. Under the terms of the arrangement, San Leon Energy will not pay any further appraisal or development costs on the Licence. The Directors have estimated the fair value of this NPI by reference to a third party evaluation report of contingent resources and cash flows prepared by Netherland Sewell & Associates Inc. (NSAI) in July 2013 for 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 261 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 by Providence and other sources regarding a 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 adapted for certain changes in the market, gives the basis for the best estimate of fair value at year end.

The fair value movement relates to currency adjustments.

(ii) Amedeo Resources plc

In 2014, the Company purchased 71,225,000 ordinary shares in Amedeo Resources plc, a company listed on the Alternative Investment Market in London, for a total consideration of €1,329,349. The market value of the shares at 30 June 2016 was €77,593.

(iii) Ardilaun Energy Limited

As part of the consideration for the sale of Island Oil & Gas Limited to Ardilaun Energy Limited ("Ardilaun"). Ardilaun agreed to issue shares equivalent to 15% of the issued share capital of Ardilaun.

6. Trade and other receivables

	Un-audited 30/06/16 €'000	Un-audited 30/06/15 €'000	Audited 31/12/15 €'000
Amounts falling due within one year:			
Trade receivables from joint operating partners	75	137	196
VAT and other taxes refundable	711	989	927
Other debtors	5,412	8,167	5,151
Prepayments and accrued income	181	611	272
	6,379	9,904	6,546

7. Other financial assets

	Un-audited 30/06/16 €'000	Un-audited 30/06/15 €'000	Audited 31/12/15 €'000
Restricted cash at bank	1,261	1,434	1,370
	1,261	1,434	1,370

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

8. Cash and cash equivalents

	Un-audited 30/06/16 €'000	Un-audited 30/06/15 €'000	Audited 31/12/15 €'000
Cash and cash equivalents	729	746	913
	729	746	913

9. Trade and other payables

	Un-audited 30/06/16 €'000	Un-audited 30/06/15 €'000	Audited 31/12/15 €'000
Current			
Trade payables	11,478	8,312	10,618
PAYE / PRSI	644	796	306
Other creditors	2,374	3,971	1,437
Accruals	1,985	1,896	2,020
Directors Loan	-	-	202
	16,481	14,975	14,583

10. Drawdown facility

	Un-audited 30/06/16 €'000	Un-audited 30/06/15 €'000	Audited 31/12/15 €'000
Current			
Drawdown facility	6,748	11,703	4,778
	6,748	11,703	4,778

11. Provisions

	Decommissioning €'000	Arbitration €'000	Other €'000	Total €'000
Cost				
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
Exchange rate adjustment	-	-	70	70
At 30 June 2016	4,291	20,561	1,425	26,277
At 30 June 2015	-	-	1,481	1,481
Current	415	-	1,425	1,840
Non-current	3,876	20,561	1,425	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.

12. Share capital

	Number of New Ordinary shares €0.01 each	Number of Deferred shares €0.0001 each 'm	Number of Ordinary shares €0.05 each	Authorised equity '000
Authorised equity				
At 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
2016 Transactions	-	-	-	-
At 30 June 2016	15,500,000,000	1,265,259	-	155,000

Issued share capital

	Number of new Ordinary Shares €0.01 each	Number of Deferred Ordinary Shares €0.0001 each 'm	No. Ordinary Shares €0.05 each	Share capital €'000	Share premium €'000
At 1 Jan 2015	-	-	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
2016 transactions	-	-	-	-	-
At 30 June 2016	61,809,052	1,265,259	-	127,145	205,126