



29 September 2017

San Leon Energy Plc

Unaudited interim consolidated financial statements for the six months ended 30th June 2017

The following financial information on San Leon Energy Plc represents the Group's interim results for the 6 months ended 30 June 2017.

Consolidated income statement

For the six months ended 30 June 2017

	Notes	Un-audited 30/06/17 €'000	Un-audited 30/06/16 €'000	Audited 31/12/16 €'000
Continuing operations				
Revenue		71	187	345
Cost of sales		(32)	-	(128)
Gross profit		39	187	217
Share of (loss) / profit of equity accounted investments	8	(3,519)	(2)	12,217
Administrative expenses		(3,886)	(5,663)	(26,367)
Impairment of exploration and evaluation assets	7	-	-	(9,300)
Decommissioning of wells	17	-	-	(274)
Arbitration award	17	(968)	-	(3,628)
Other income	2	-	-	29,926
Dissenting shareholders award	17	-	-	(1,125)
Loss on disposal of equity accounted investments	3	-	-	(1,954)
Loss from operating activities		(8,334)	(5,478)	(288)
Finance expense	4	(13,914)	(754)	(13,025)
Finance income	5	-	1	2
Finance income – OML 18 Production Arrangement	6	16,520	-	16,801
(Loss) / profit before income tax		(5,728)	(6,231)	3,490
Income tax		486	1	2,227
(Loss) / profit from continuing operations		(5,242)	(6,230)	5,717

Profit / (loss) per share (cent) – continuing operations

Basic (loss) / profit per share	(1.2)	(14.8)	3.4
Diluted (loss) / profit per share	(1.2)	(14.8)	3.3

Consolidated statement of other comprehensive income

for the six months ended 30 June 2017

	Notes	Un-audited 30/06/17 €'000	Un-audited 30/06/16 €'000	Audited 31/12/16 €'000
(Loss) / profit for the period		(5,242)	(6,230)	5,717
Items that may be reclassified subsequently to the income statement				
Foreign currency translation differences – subsidiaries		(997)	633	(763)
Foreign currency translation differences – joint venture	8	(5,679)	-	4,694
Fair value movements in financial assets	10	(3,717)	4,658	1,545
Deferred tax on fair value movements in financial assets		1,222	(1,615)	(494)
Total comprehensive (loss) / profit for the period		(14,413)	(2,554)	10,699

Consolidated statement of changes in equity

For the period ended 30 June 2017

Un-audited 30 June 2017	Share capital reserve €'000	Share premium reserve €'000	Currency translation reserve €'000	Share based payment reserve €'000	Fair value reserve €'000	Retained earnings €'000	Attributable to equity holders in Group €'000	Non-controlling interest €'000	Total €'000
Balance at 1 January 2017	130,957	401,503	40	20,693	4,017	(263,273)	293,937	–	293,937
Total comprehensive income for period									
Loss for the period	–	–	–	–	–	(5,242)	(5,242)	–	(5,242)
Other comprehensive income									
Foreign currency translation differences – subsidiaries	–	–	(997)	–	–	–	(997)	–	(997)
Foreign currency translation differences – joint venture (Note 8)	–	–	(5,679)	–	–	–	(5,679)	–	(5,679)
Fair value movements in financial assets	–	–	–	–	(3,717)	–	(3,717)	–	(3,717)
Deferred tax on fair value movements in financial assets	–	–	–	–	1,222	–	1,222	–	1,222
Total comprehensive income for period	–	–	(6,676)	–	(2,495)	(5,242)	(14,413)	–	(14,413)
Transactions with owners recognised directly in equity									
Contributions by and distributions to owners									
Issue of shares for cash	132	4,538	–	(1,905)	–	1,905	4,670	–	4,670
Shares to be issued in lieu of salary	–	–	–	409	–	–	409	–	409
Share based payment	–	–	–	–	–	–	–	–	–
Warrants issued on placing	–	–	–	–	–	–	–	–	–
Total transactions with owners	132	4,538	–	(1,496)	–	1,905	5,079	–	5,079
Balance at 30 June 2017	131,089	406,041	(6,636)	19,197	1,522	(266,610)	284,603	–	284,603

Consolidated statement of changes in equity

For the period ended 30 June 2017

	Share capital reserve €'000	Share premium reserve €'000	Currency translation reserve €'000	Share based payment reserve €'000	Fair value reserve €'000	Retained earnings €'000	Attributable to equity holders in Group €'000	Non- controlling interest €'000	Total €'000
Un-audited 30 June 2016									
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 – subsidiaries	–	–	634	–	–	–	634	–	634
Fair value movements in financial assets	–	–	–	–	(1,050)	–	(1,050)	–	(1,050)
Deferred tax on fair value movements in 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									
Share based payment	–	–	–	458	–	–	458	–	458
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 2017

	Share capital reserve	Share premium reserve	Currency translation reserve	Share based payment reserve	Fair value reserve	Retained earnings	Attributable to equity holders in Group	Non-controlling interest	Total
Audited 31 December 2016	€'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 year									
Profit for the year	–	–	–	–	–	5,717	5,717	–	5,717
Other comprehensive income									
Foreign currency translation differences – subsidiaries	–	–	(763)	–	–	–	(763)	–	(763)
Foreign currency translation differences – joint venture (Note 8)	–	–	4,694	–	–	–	4,694	–	4,694
Fair value movements in financial assets	–	–	–	–	1,545	–	1,545	–	1,545
Deferred tax on fair value movements in financial assets	–	–	–	–	(494)	–	(494)	–	(494)
Total comprehensive income for year	–	–	3,931	–	1,051	5,717	10,699	–	10,699
Transactions with owners recognised directly in equity									
Contributions by and distributions to owners									
Issue of shares for cash	3,784	194,926	–	–	–	(1,957)	196,753	–	196,753
Issue of shares in lieu of salary	28	1,451	–	(1,594)	–	–	(115)	–	(115)
Share based payment	–	–	–	9,537	–	–	9,537	–	9,537
Warrants issued on placing	–	–	–	701	–	(701)	–	–	–
Total transactions with owners	3,812	196,377	–	8,644	–	(2,658)	206,175	–	206,175
Balance at 31 December 2016	130,957	401,503	40	20,693	4,017	(263,273)	293,937	–	293,937

Consolidated statement of financial position

As at 30 June 2016

	Notes	Un-audited 30/06/17 €'000	Un-audited 30/06/16 €'000	Audited 31/12/16 €'000
Assets				
Non-current assets				
Intangible assets	7	44,704	47,761	44,621
Equity accounted investments	8	65,184	11,417	74,382
Property, plant and equipment	9	3,118	9,825	3,279
Financial assets	10	140,280	51,503	169,616
Other non-current assets		257	277	257
		253,543	120,783	292,155
Current assets				
Inventory		264	315	253
Trade and other receivables	11	10,818	6,379	11,490
Other financial assets	12	1,227	1,261	1,328
Financial assets	10	57,174	-	37,727
Cash and cash equivalents	13	283	729	177
Assets classified as held for sale	14	2,641	-	2,553
		72,407	8,684	53,528
Total assets		325,950	129,467	345,683
Equity and liabilities				
Equity				
Called up share capital	18	131,089	127,145	130,957
Share premium account	18	406,041	205,126	401,503
Share based payments reserve		19,197	12,507	20,693
Currency translation reserve		(6,636)	(3,257)	40
Fair value reserve		1,522	2,230	4,017
Retained deficit		(266,610)	(272,562)	(263,273)
Total equity		284,603	71,189	293,937
Non-current liabilities				
Provisions	17	1,280	24,437	1,280
Derivative		360	-	255
Deferred tax liabilities		5,624	8,772	7,332
		7,264	33,209	8,867
Current liabilities				
Trade and other payables	15	8,702	16,481	11,298
Loans and borrowings	16	5,955	6,748	6,283
Provisions	17	18,426	1,840	24,298
Liabilities classified as held for sale	14	1,000	-	1,000
		34,083	25,069	42,879
Total liabilities		41,347	58,278	51,746
Total equity and liabilities		325,950	129,467	345,683

Consolidated statement of cash flows

For the six months ended 30 June 2016

	Notes	Un-audited 30/06/17 €'000	Un-audited 30/06/16 €'000	Audited 31/12/16 €'000
Cash flows from operating activities				
(Loss) / profit for the period – continuing operations		(5,242)	(6,230)	5,717
Adjustments for:				
Depletion and depreciation	9	194	418	647
Finance expense	4	13,914	754	13,025
Finance income	6	(16,520)	(2)	(16,803)
Share based payments charge		409	459	9,537
Foreign exchange		(1,609)	1,080	(391)
Income tax		(486)	(1)	(2,227)
Impairment of exploration and evaluation assets – continuing operations		-	-	9,300
Arbitration award	17	968	-	3,628
Dissenting shareholders		-	-	1,125
Decommissioning costs		-	-	274
Disposal of equity accounted investment		-	-	1,954
Bargain purchase of MLPL		-	-	(29,926)
(Increase) / decrease in inventory		(11)	13	76
Decrease/ (increase) in trade and other receivables		673	142	(784)
Decrease in trade and other payables		(2,308)	2,079	(3,270)
Movement in other non-current assets		-	556	576
Share of loss / (profit) of equity accounted investments	8	3,519	2	(12,217)
Tax paid		-	-	(4)
Net cash outflow in operating activities		(6,499)	(730)	(19,763)
Cash flows from investing activities				
Net expenditure on exploration and evaluation assets		(4)	(716)	(1,117)
Dissenting shareholder payment	17	(1,864)	-	(705)
Proceeds of disposal of equity-accounted investments	3	-	-	4,222
Arbitration payment	17	(4,976)	-	(2,231)
Purchases of property, plant and equipment	9	(9)	(21)	(2,719)
Advances to equity accounted investments	8	-	(45)	53
Decrease in restricted cash	12	-	83	84
Acquisition of OML 18 equity interest	8	-	-	(27,545)
OML 18 Production Arrangement loan notes	10	11,341	-	(136,583)
Proceeds of financial investments and investment income	10	31	2	140
Net cash inflow / (outflow) from investing activities		4,519	(697)	(166,401)
Cash flows from financing activities				
Proceeds from issue of shares		4,670	-	196,753
Proceeds from drawdown of other loans		3,788	1,851	6,104
Repayment of other loans		(3,743)	-	(12,437)
Movement in Director loan	15	(287)	151	145
Interest and arrangement fees paid		(2,378)	(754)	(5,040)
Net cash inflow from financing activities		2,050	1,248	185,525
Net increase / (decrease) in cash and cash equivalents		70	(179)	(639)
Effect of foreign exchange fluctuation on cash and cash equivalents		36	(5)	(97)
Cash and cash equivalents at start of period		177	913	913
Cash and cash equivalents at end of period	13	283	729	177

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 2016. The interim financial information was approved by the Board of Directors on 27 September 2017.

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 2016 which are available on the Group's website www.sanleonenergy.com.

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

2. Other income

	Un-audited 30/06/17 €'000	Un-audited 30/06/16 €'000	Audited 31/12/16 €'000
Bargain purchase on acquisition of Midwestern Leon Petroleum Limited	-	-	29,926

The bargain purchase on acquiring a 40% interest in Midwestern Leon Petroleum Limited (MLPL) is calculated as follows:

	Un-audited 30/06/17 €'000	Un-audited 30/06/16 €'000	Audited 31/12/16 €'000
Fair value at the date of acquisition	-	-	57,471
Less equity investment in MLPL by San Leon Energy Nigeria B.V.	-	-	(27,545)
Bargain purchase of MLPL	-	-	29,926

3. Loss on disposal on equity accounted investments

	Un-audited 30/06/17 €'000	Un-audited 30/06/16 €'000	Audited 31/12/16 €'000
Consideration on sale of equity accounted investments	-	-	8,478
Loans eliminated on disposal	-	-	2,800
Book value at date of disposal	-	-	(15,041)
Decommissioning provision reversed	-	-	1,809
Loss on disposal of equity accounted investments	-	-	(1,954)

In November 2016, the Company sold its 35% interest in the Rawicz gas field held through TSH Energy Joint Venture B.V. for a cash consideration of €8.5 million (US\$9.0 million), and the release of certain San Leon liabilities. These liabilities included loans which were advanced by Palomar to the Company as a temporary carry of the drilling and testing costs of the Rawicz-12 and Rawicz-15 wells, and amount each to approximately €2.8 million (US\$3.0 million).

The Company also sold its 35% interest in the Poznan assets held through Poznan Energy B.V (largely the Siekierki field) for a consideration of €1 plus a 10% Net Profit Interest ("NPI") in the Poznan assets. The NPI removes any further cost exposure to San Leon, while providing an interest in any future profits made by Palomar on the Poznan assets. A nil value has been placed on the NPI at this stage, since no agreed work programmes are in place for the asset. The first €2.1 million (US\$2.2 million) was received on closing, the next €2.1 million (US\$2.3 million) was received on 30 November 2016 and the remaining €4.3 million (US\$4.5 million) is due to be paid to San Leon on or before 1 October 2017. An interest charge of LIBOR plus 5% is being applied to any sum not paid by 1 February 2017.

4. Finance expense

	Un-audited 30/06/17 €'000	Un-audited 30/06/16 €'000	Audited 31/12/16 €'000
On loans and overdraft	1,355	754	4,844
Finance arrangement expenses other than OML 18 Production Arrangement	1,136	-	3,022
OML 18 Production Arrangement – fees	-	-	4,904
Foreign exchange loss on loan notes	11,320	-	-
Fair value charge on issue of warrants	103	-	255
	13,914	754	13,025

5. Finance income

	Un-audited 30/06/17 €'000	Un-audited 30/06/16 €'000	Audited 31/12/16 €'000
Deposit interest received	-	1	2

6. Finance income - OML 18 Production Arrangement

	Un-audited 30/06/17 €'000	Un-audited 30/06/16 €'000	Audited 31/12/16 €'000
Interest income on loan notes	16,520	-	8,843
Foreign exchange gain on loan notes	-	-	7,958
	16,520	-	16,801

7. Intangible assets

Exploration and evaluation assets

	Un-audited 30/06/17 €'000
Cost and net book value	
At 1 January 2016	47,532
Additions	1,117
Disposals	(849)
Transfer from property, plant and equipment (assets under construction)	9,020
Transfer to held for sale assets	(2,553)
Currency translation adjustment	(346)
Impairment of exploration assets	(9,300)
At 31 December 2016	44,621
Additions	116
Disposals	(201)
Currency translation adjustment	168
At 30 June 2017	44,704

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

	Un-audited 30/06/17 €'000	Un-audited 30/06/16 €'000	Audited 31/12/16 €'000
Poland	7,276	12,372	7,143
Morocco	29,018	27,184	29,162
Albania	8,410	8,205	8,316
Total	44,704	47,761	44,621

The Directors have considered the licence, exploration and appraisal costs capitalised in respect of 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.

8. Equity accounted investments

Midwestern Leon Petroleum Limited

	Un-audited 30/06/17 €'000	Un-audited 30/06/16 €'000	Audited 31/12/16 €'000
Opening balance	74,382	-	-
Acquisition of OML 18 equity interest #	-	-	57,471
Share of (loss)/ profit of equity accounted investments	(3,519)	-	12,217
Exchange rate adjustment	(5,679)	-	4,694
Closing balance	65,184	-	74,382

Equity investment of €27.5 million plus bargain purchase of €30.0 million (Note 2).

Other equity accounted investments

	Un-audited 30/06/17 €'000	Un-audited 30/06/16 €'000	Audited 31/12/16 €'000
Opening balance	-	11,375	11,375
Advances to equity accounted investments	-	44	53
Disposal of interests	-	(2)	(11,428)
Closing balance	-	11,417	-

9. Property, plant and equipment

	Plant & equipment €'000	Assets under construction €'000	Office equipment €'000	Motor vehicles €'000	Total €'000
Cost					
At 1 January 2016	5,352	9,020	1,086	428	15,886
Transfer to intangible assets	-	(9,020)	-	-	(9,020)
Additions	2,719	-	-	-	2,719
Disposals	-	-	(24)	(27)	(51)
Currency translation adjustment	(178)	-	(7)	(9)	(194)
At 31 December 2016	7,893	-	1,055	392	9,340
Additions	-	-	7	2	9
Exchange rate adjustment	227	-	8	12	247
At 30 June 2017	8,120	-	1,070	406	9,596
At 30 June 2016	5,145	9,049	1,052	390	15,636
Depreciation					
At 1 January 2016	4,292	-	955	373	5,620
Disposals	-	-	(24)	(27)	(51)
Charge for the period	528	-	83	36	647
Currency translation adjustment	(142)	-	(6)	(7)	(155)
At 31 December 2016	4,678	-	1,008	375	6,061
Exchange rate adjustment	204	-	8	11	223
Charge for period	165	-	21	8	194
At 30 June 2017	5,047	-	1,037	394	6,478
At 30 June 2016	4,482	-	971	358	5,811
Net book values					
At 30 June 2017	3,073	-	33	12	3,118
At 30 June 2016	663	9,049	81	32	9,825
At 31 December 2016	3,215	-	47	17	3,279

Assets under construction related to the Group's Oil Shale Project in Morocco. The Directors have considered the classification of 'assets under construction' and made the decision to transfer the carrying value to 'Intangible assets' as the project is not yet at the stage of development and is still being evaluated.

10. Financial assets

	OML 18 Production Arrangement (i) €'000	Barryroe 4.5% net profit interest (ii) €'000	Quoted shares (iii) €'000	Unquoted shares (iv) €'000	Total €'000
Cost					
At 1 January 2016	-	47,018	175	5,360	52,553
Additions	136,583	-	-	-	136,583
Finance income	8,843	-	-	-	8,843
Disposals	-	-	(139)	-	(139)
Exchange rate adjustment	7,958	-	-	-	7,958
Fair value movement	-	1,499	46	-	1,545
At 31 December 2016	153,384	48,517	82	5,360	207,343
Finance income	16,520	-	-	-	16,520
Loan note receipts	(11,341)	-	-	-	(11,341)
Exchange rate adjustment	(11,320)	-	-	-	(11,320)
Disposals	-	-	(31)	-	(31)
Fair value movement	-	(3,704)	(13)	-	(3,717)
At 30 June 2017	147,243	44,813	38	5,360	197,454
Current	57,174	-	-	-	57,174
Non-current	90,069	44,813	38	5,360	140,280
At 30 June 2016	-	46,065	78	5,360	51,503
Current	-	-	-	-	-
Non-current	-	46,065	78	5,360	51,503
At 31 December 2016	153,384	48,517	82	5,360	207,343
Current	37,727	-	-	-	37,727
Non-current	115,657	48,517	82	5,360	169,616

(i) OML 18 Production Arrangement

The Company secured an initial 9.72% indirect economic interest in the OML 18 Production Arrangement, onshore Nigeria for a total consideration of €169 million (US\$188.4 million).

The fair value assessment of the loan notes as referred to below is calculated as follows:

	Un-audited 30/06/17 €'000	Un-audited 30/06/16 €'000	Audited 31/12/16 €'000
Total consideration (US\$188.4 million)	-	-	169,032
Fair value of loan notes attributable to equity investment (US\$30.9 million) [#]	-	-	(27,545)
Net fair value of loan notes (US\$157.5 million)	-	-	141,487
Arrangement fees (US\$5.5 million) (Note 6)	-	-	(4,904)
Additions	-	-	136,583

[#] The fair value of loan notes attributable to the equity investment is calculated using a discount factor of management's estimate of a market rate of interest of 8% above the coupon rate of 17% over the term of the loan notes.

The Company undertook a number of steps to effect the purchase of its interest in the OML 18 Production Arrangement in 2016. Midwestern Leon Petroleum Limited (MLPL), a company incorporated in Mauritius of which San Leon Nigeria B.V. has a 40% shareholding, was established as a special purpose vehicle to complete the transaction by purchasing all of the shares in Martwestern Energy Limited (Martwestern), a company incorporated in Nigeria. Martwestern holds a 50% shareholding in Eroton Exploration and Production Company Limited (Eroton), a company incorporated in Nigeria and the Operator of OML 18.

To partly fund the purchase of 100% of the shares of Martwestern, MLPL borrowed €156.6 million (US\$174.5 million) in incremental amounts by issuing Loan Notes under a Loan Note Instrument which attracts a coupon of 17 per cent. Midwestern Oil and Gas Company Limited is the 60% shareholder of MLPL and transferred its shares in Martwestern to MLPL as part of the full transaction. Following its Placing in September 2016, San Leon Energy PLC purchased all of the outstanding Loan Notes issued of €103.7 million (US\$115.5 million) and subscribed for further €52.9 million (US\$58.9 million) of newly issued loan notes and is therefore the beneficiary and holder of all Loan

Notes issued by MLPL. SLE will be repaid the full €156.6 million (US\$174.5 million) plus the 17% coupon once certain conditions have been met and using an agreed distribution mechanism. SLE is also a beneficiary of any dividends that will be paid by MLPL as a 40% shareholder in MLPL, but the Loan Note repayments must take priority over any dividend payments made to the MLPL shareholders.

Through its 50% shareholding in Eroton and other agreements, Martwestern holds an initial indirect 24.3% economic interest in the OML 18 Production Arrangement. Through the ownership of MLPL and other commercial agreements, SLE is an indirect shareholder of Eroton, and the Company holds a 9.72% initial economic interest in OML 18.

The key information relevant to the fair value of the Loan Notes is as follows:

Valuation technique	Significant unobservable inputs	Inter-relationships between the unobservable inputs and fair value measurement
Discounted cash flows	<ul style="list-style-type: none"> – Discount rate 25% based on a market rate of interest of 8% above the coupon rate of 17% – MLPL profitability i.e. ability to generate cash flows for repayment – Loan Notes are repayable in full by 31 March 2020. 	<p>The estimated fair value would increase / (decrease) if:</p> <ul style="list-style-type: none"> – US Dollar exchange rate increased / (decreased)

The recoverability of the group and company's equity and loan note investments in the MLPL (OML 18 Production) arrangement is dependent on the ability of the OML 18 operator, Eroton, to make distributions. Eroton needs to meet certain conditions before its lenders will allow Eroton to make distributions to its shareholders. These distributions need to be made to enable MLPL repay interest and principal to San Leon. At the balance sheet date and at the date of approval of their financial statements these conditions have not been met by Eroton. The directors of San Leon have considered the carrying amounts of the loan notes and equity interest at 31 December 2016 and are satisfied that these are appropriate.

(ii) Barryroe – 4.5% Net Profit Interest (NPI)

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 by 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 US\$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.

With the increase in the oil price since the lows of early 2016 and an increase in farm-out activity, San Leon is confident of the asset value ascribed to Barryroe.

(iii) Amedeo Resources plc

During 2017, the Company sold 100,000< ordinary shares in Amedeo Resources plc for cash consideration of €30,998. At 30 June 2017, the Company hold 213,512< ordinary shares with a market value of €28,548 (2016:€139,219).

During 2016, the Company sold 398,738< ordinary shares in Amedeo Resources plc for cash consideration of €139,219.

< Adjusted for share consolidation of 1 for 100 in Amedeo Resources plc.

(iv) Ardilaun Energy Limited

As part of the consideration for the sale of Island Oil & 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 2016 and are satisfied that the carrying value continues to be appropriate in the absence of further market data.

(v) Poznan 1% Net Profit Interest

Please see Note 3 for further details.

11. Trade and other receivables

	Un-audited 30/06/17 €'000	Un-audited 30/06/16 €'000	Audited 31/12/16 €'000
Amounts falling due within one year:			
Trade receivables from joint operating partners	41	75	19
VAT and other taxes refundable	1,071	711	894
Other debtors (i)	7,647	5,412	8,368
Prepayments and accrued income	2,059	181	2,209
	10,818	6,379	11,490

(i) Other debtors includes €4.3 million (US\$4.5 million) due from Palomar for the disposal of equity accounted investments in 2016 (Note 3).

12. Other financial assets

	Un-audited 30/06/17 €'000	Un-audited 30/06/16 €'000	Audited 31/12/16 €'000
Restricted cash at bank	1,227	1,261	1,328

Restricted cash at bank at 30 June 2017 is a deposit account held in support of bank guarantees required under the Moroccan exploration licence, Zag, held by the Group.

After the reporting period, in April 2017, the Company announced that the Office National des Hydrocarbures et des Mines ("ONHYM") has written to the Company regarding the non-performance of the work programme on its Zag Licence, onshore Morocco. ONHYM has assumed control of the existing bank guarantee (listed above as restricted cash), and has requested a penalty of the same amount again to be paid. The Zag licence is in a geographical area which the Company believes justifies a declaration of force majeure due to the regional security situation. The Directors are confident, given their belief in the force majeure status of the licence, with the recoverability of the bank guarantee and that the penalty cannot be enforced. The company is in negotiations with ONHYM regarding the future of the licence including the work programme, and the force majeure status.

13. Cash and cash equivalents

	Un-audited 30/06/17 €'000	Un-audited 30/06/16 €'000	Audited 31/12/16 €'000
Cash and cash equivalents	283	729	177

14. Held for sale assets and liabilities

During 2016 efforts to sell, relinquish, or farm-out most of the Company's assets in Poland commenced as part of the strategic realignment and focus on Nigeria. This process is substantially underway and it is anticipated that sale and purchase agreements will be concluded in the second half of 2017 with regard to the held for sale assets, following which various formalities will have to be concluded, in particular with governmental authorities, before completion, expected in 2018.

The assets and liabilities that are up for sale in Poland are as follows:

	Un-audited 30/06/17 €'000	Un-audited 30/06/16 €'000	Audited 31/12/16 €'000
Assets			
Exploration and evaluation assets	2,641	-	2,553
Liabilities			
Decommissioning provision	1,000	-	1,000

During 2016 the held for sale exploration and evaluation assets were impaired by €2,861,100 in order to reduce their carrying value to fair value less costs to sell.

There are no other income or expenses related to the held for sale assets.

15. Trade and other payables

	Un-audited 30/06/17 €'000	Un-audited 30/06/16 €'000	Audited 31/12/16 €'000
Current			
Trade payables	5,283	11,478	7,432
PAYE / PRSI	365	644	211
Other creditors	1,332	2,374	1,270
Accruals	1,662	1,985	2,038
Director's Loan	60	-	347
	8,702	16,481	11,298

16. Loans and borrowings

	Un-audited 30/06/17 €'000	Un-audited 30/06/16 €'000	Audited 31/12/16 €'000
Current			
YA Global Masters SPV Limited	2,467	3,254	4,273
21st Luxury Luxtech Fund Ltd	3,104	-	-
Other	384	2,587	-
LPL Finance Limited	-	907	2,010
	5,955	6,748	6,283

17. Provisions

	Decommissioning €'000	Arbitration €'000	Other €'000	Total €'000
Cost				
At 1 January 2016	4,291	20,561	1,355	26,207
Paid during the period	-	(2,231)	(705)	(2,936)
Provision during the period	274	3,628	1,125	5,027
Exchange rate adjustment	-	-	89	89
Transfer of decommissioning liability	(1,809)	-	-	(1,809)
Transfer to liabilities held for sale	(1,000)	-	-	(1,000)
At 31 December 2016	1,756	21,958	1,864	25,578
Paid during the period	-	(4,976)	(1,864)	(6,840)
Provision during the period	-	968	-	968
At 30 June 2017	1,756	17,950	-	19,706
Current	476	17,950	-	18,426
Non-current	1,280	-	-	1,280
At 30 June 2016	4,291	20,561	1,425	26,277
Current	415	-	1,425	1,840
Non-current	3,876	20,561	-	24,437
At 31 December 2016	1,756	21,958	1,864	25,578
Current	476	21,958	1,864	24,298
Non-current	1,280	-	-	1,280

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 decommissioning of previously drilled wells. As part of the sale of TSH and Poznan to Palomar, €1.8 million of the decommissioning provision was transferred with the sale.

Arbitration

On 7 November 2016, Avobone N.V. and Avobone Poland B.V. ("Avobone") (together, "Avobone") and the Company settled a number of ongoing disputes between them and between Avobone and certain of San Leon's subsidiaries, including Aurelian Oil & Gas Limited, Aurelian Oil & Gas Poland Sp. z.o.o, Energia Zachod Holdings Sp. z.o.o and AOG Finance Limited, in Poland, Netherlands, Ireland, England & Wales in respect of various matters including a final award in an ICC arbitration dated 21 May 2015. The total settlement amounts to €23.3 million plus interest to be paid to Avobone. Interest will accrue at a rate of 5% per annum on instalments until paid.

As announced by San Leon on 5 June 2017 an Extension Agreement was entered into with Avobone along with a revised payment schedule in respect of sums owed to Avobone.

A payment of €8,175,000 (inclusive of an extension fee) has been made during 2017 so far.

Further payments are due as follows:

- During October 2017, San Leon shall pay to Avobone, a further sum of €8,000,000
- During November 2017, San Leon shall pay to Avobone, a further sum of €6,694,840

Payments totalling €22,869,840 are expected during 2017 (inclusive of extension fees and interest since the 31 December 2016) approximately adding an additional €0.9 million to the provision.

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.

In Q1 2017 the amount provided at 31 December 2016 was fully paid in cash to the shareholders.

18. Share capital

	Number of New Ordinary shares €0.01 each	Number of Deferred shares €0.0001 each 'm	Authorised equity '000
Authorised equity			
At 1 January 2016	15,500,000,000	1,265,259	155,000
At 31 December 2016	15,500,000,000	1,265,259	155,000
At 30 June 2017	15,500,000,000	1,265,259	155,000

	Number of new Ordinary Shares €0.01 each	Number of Deferred Ordinary Shares €0.0001 each 'm	Share capital €'000	Share premium €'000
Issued called up and fully paid:				
At 1 January 2016	61,809,052	1,265,259	127,145	205,126
Issue of shares	378,400,000	-	3,784	194,926
Issue of shares in lieu of salary	2,816,668	-	28	1,451
At 31 December 2016	443,025,720	1,265,259	130,957	401,503
Issue of shares (i and ii)	13,254,905	-	132	4,538
At 30 June 2017	456,280,625	1,265,259	131,089	406,041
At 30 June 2016	61,809,052	1,265,259	127,145	205,126

(i) On the 17th January 2017 San Leon issued and allotted 3,000,000 new ordinary shares to Robin Management Services and 4,000,000 new ordinary shares to DSA Investments Inc. in respect of options exercised. The options were exercised at a price of 30 pence per share.

(ii) Under an agreement with Yorkville, as announced on the 22 June 2017, San Leon issued 6,254,905 new ordinary shares at a price per share of 32 pence with a value of US\$2.6m.

On 21 September 2016, the Company issued 378,400,000 €0.01 New Ordinary Shares as a cash equity placing.

Costs directly attributable to the equity placing amounted to €1,974,311. These costs have been recognised as a deduction from equity.

2,816,668 ordinary shares were issued to Oisín Fanning in lieu of 80% of his salary due to him for the period 1 January 2015 to 31 August 2016. 1,167,485 ordinary shares for the year to 31 December 2015 and 1,649,485 ordinary shares for the period 1 January 2016 to 31 August 2016.