

Annual Report and Financial Statements

2016





CHAIRMAN'S STATEMENT

I am pleased to present to the shareholders of TomCo Energy plc (“TomCo” or the “Company”), the **Annual Report and Financial Statements** for the year ended **30 September 2016**.

As a result of the cost reductions implemented in 2015/16 and the modest convertible loan note and equity capital raise undertaken in May 2016 and September 2016 respectively, the Company is in a stronger financial position relative to the prior year.

IN March 2017, the Company incorporated a new Utah-based subsidiary company, TurboShale Inc. (“TurboShale”), which has entered into a non-binding letter of intent to create a strategic partnership with JR Technologies LLC (“JR Technologies”) and Venture Development Partners Ltd (“VDP”) to seek to develop and commercialise new propriety technologies for processing oil shale. Subject to entering a binding agreement with JR Technologies and VDP, and TurboShale then completing a proposed fundraising of up to \$1.5 million, the Company will hold a 40% interest in TurboShale and will receive a monthly management fee for its services to TurboShale.

The Company's average monthly overheads have now been reduced to under £20,000, being less than a third of what they were before I joined the Company. The Board continues to monitor liquidity closely and, whilst the planned management fee receipts from TurboShale are expected to provide operational cash flow, the Company's cash flow forecasts indicate that an additional fundraising will be required over the next twelve months, the timing of which will depend on, *inter alia*, the receipt of any such management fees and level of cost savings implemented, as detailed in the Directors' Report under 'Going Concern'.

I was delighted to welcome Christopher Brown to the board in April 2016. His tireless efforts and dedication to TomCo's future have been significant and instrumental in moulding the Company's future strategic plans.

In July 2016, we were delighted to announce that our application to extend the construction permit relating to the Group's Ground Water Discharge Permit UGW 470003 for our Holliday Block oil shale project, was successful. In addition, in February 2017, the Company received approval of its routine extension request in respect of the Holliday Block Project exploration licence, E/047/0061, to November 2017. So, whilst the oil and gas sector continues to face challenging times, the costs of maintaining our oil shale assets are minimal. In addition, the current environment has allowed us to evaluate other related (and non-related) opportunities, such as TurboShale. I have found the time I have spent in Utah, over the past 18 months, most valuable; especially in developing relationships with TomCo's partners and advisors there.

As previously announced on 14 June 2016, TomCo's technology partner, Red Leaf Resources, Inc. (“Red Leaf”) completed its Seep Ridge Preliminary Front End Engineering Design (“pre-FEED”) study. While the capsule costs were in line with expectations, the Seep Ridge processing plant costs were higher than originally budgeted resulting in the total costs per barrel being at the higher end of expectations. In addition, Red Leaf's joint venture partner and shareholder, TOTAL E&P USA Oil Shale, LLC (“TOTAL”), announced it was not prepared to move forward with the new-generation Early Production System Capsule (“EPS”). Since June 2016, Red Leaf has experienced further delays in the EPS at their Seep Ridge site. Furthermore, significant uncertainty remains with regards to the ongoing involvement of its joint venture relationship with TOTAL. As a result TomCo has had to re-evaluate its future strategy for the commercialisation of its Holliday Block oil shale project. This has included seeking alternative technological solutions which could have the potential to, not only be effective, scalable and environmentally benign but also be economically viable at today's oil prices. TomCo has researched various alternative oil shale technologies to retort oil shale *in-situ*, and is seeking, through TurboShale, to focus on Radio Frequency (RF) heating technology, oxidation heating technology and oil upgrading technology.

In addition the Board have reviewed the carrying value of the technology licence and investment in Red Leaf and have determined that it is appropriate to make a full provision against each of these assets. Accordingly, the Company's loss for the year of £5,143,000 includes £4,576,000 of impairments in respect of these assets.

On the 16 July 2016, we announced our plans to diversify into the production of Palm Oil in Sierra Leone. This project was intended to generate free cash flows whilst being low cost to establish. Whilst a lot of work was undertaken concerning this project, only a modest sum of money was spent, being under £35,000. Later in the year, a number of factors emerged causing us to re-evaluate our work in Sierra Leone. The Board have decided not to proceed with the palm oil project.

The Company's strategic objective remains focused on using innovative technology to unlock unconventional hydrocarbon resources.



Andrew Jones
Chairman, TomCo Energy PLC

DIRECTORS REPORT

The Directors submit their report and the financial statements of the Company and of the Group for the year ended 30 September 2016.

PRINCIPAL ACTIVITY

The principal activity of the Group is that of developing its oil shale leases for future production.

RISK ASSESSMENT

The Group's oil and gas activities are subject to a range of financial and operational risks which can significantly impact on its performance.

Operational risk

The Group has obtained resource assessments in relation to its oil shale leases, the latest of which was obtained in 2012 and shows 126 million barrels of oil in surface mineable JORC Measured Resource.

In March 2010, TomCo signed a licence agreement with Red Leaf, a Delaware Corporation, to use the EcoShale[®] Technology, whereby oil shale is open-pit mined, placed into a clay-lined excavation and covered the shale with layers of impermeable clay and soil, then the oil shale is heated with natural gas via steel pipes to the point at which pyrolysis occurs and oil, condensate and natural gas are produced. In April 2012, TomCo invested \$5 million in Red Leaf as part of a \$100 million raising by Red Leaf in conjunction with the closing of its joint venture with Total E&P USA Oil Shale, LLC ("TOTAL"). In July 2015, TomCo received full permission from the regulatory authorities to start mining at its Holliday Block oil shale project, subject to Red Leaf commencing production. Having built and tested a pilot plant in 2008 and completed its permitting for the Seep Ridge project, Red Leaf completed its preliminary Front End Engineering Design ("pre-FEED") study in 2016 and elected to proceed with a basis of design study for its commercial demonstration project or Early Production System ("EPS"). However, TOTAL advised Red Leaf that it is not prepared to move forward with the EPS and in September 2016, Red Leaf declared that it still does not know what TOTAL's intention are with respect to the joint venture. Due to this uncertainty, TomCo has decided to make a full provision against its investment into Red Leaf and the EcoShale[®] Technology asset.

In July 2016, TomCo's mining permits for Holliday Block were extended to 15 July 2020, and the Group continues to pursue other appropriate oil shale technologies. In March 2017, TomCo announced that it had signed a Letter of Intent with Massachusetts-based JR Technologies and UK-based VDP, to raise up to \$1.5million to begin to develop new oil shale technologies through a newly incorporated Utah-based company, TurboShale. The oil shale technologies, which TurboShale intend to develop, remain conceptual in nature until demonstrated in the laboratory and in the field.

Risks relating to Environmental, health and safety and other regulatory standards

The Group's future extraction activities are subject to various federal and state laws and regulations relating to the protection of the environment including the obtaining of appropriate permits and approvals by relevant environmental authorities. Such regulations typically cover a wide variety of matters including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations and worker safety. Furthermore, the future introduction or enactment of new laws, guidelines and regulations could serve to limit or curtail the growth and development of the Group's business or have an otherwise negative impact on its operations. The Group ensures it complies with the relevant laws and regulations in force in the jurisdictions in which it operates.

Directors' report

Liquidity and interest rate risks

The Group is ultimately dependent on sources of equity or debt funding to develop its exploration assets and meet its day to day capital commitments. Cash forecasts identifying the liquidity requirements of the Group are produced frequently. These are reviewed regularly by management and the Board to ensure that sufficient financial headroom exists for at least a twelve-month period. This strategy will continually be reviewed in the light of developments with existing projects and new project opportunities as they arise. For further information regarding the Group's cash resources and future funding requirements, refer to the 'Going Concern' section below.

Currency risk

Due to the limited income and expenses denominated in foreign currencies, it was not considered cost effective to manage transactional currency exposure on an active basis. However, as the financial statements are reported in sterling, any movements in the exchange rate of foreign currencies against sterling may affect the Group's statements of comprehensive income and financial position. The Group holds some cash in US dollars to mitigate the foreign exchange risk.

Financial instruments

The Group holds an investment in Red Leaf and has decided to make full provision against the value of its investment. Further details can be found in Note 10.

It was not considered an appropriate policy for the Group to enter any hedging activities or trade in any financial instruments. Further information can be found in Note 18.

RESULTS AND DIVIDENDS

The statement of comprehensive income is set out on page 9. The loss of £5,143,000 includes £4,576,000 of impairments in respect of the Red Leaf investment and technology licence. The Directors do not propose the payment of a dividend (2015: *£nil*).

REVIEW OF THE KEY EVENTS DURING THE YEAR

Oil Shale

In February 2015, The Utah Division of Oil, Gas and Mining ("DOGMA") approved TomCo's Notice of Intention to Commence Large Mining Operations ("LMO") at its Holliday Block oil shale lease. TomCo agreed to only commence full-scale operations under the LMO at such time as the results of Red Leaf Resources Inc.'s nearby Early Production System capsule are available and must submit a reclamation surety to DOGMA before beginning any mining operations.

In July 2015, the Utah Division of Water Quality ("DWQ") issued TomCo with a Ground Water Discharge Permit ("GWDP") and a Construction Permit, the last of the major permits required from the various Utah State departments to begin development and production at the Holliday Block lease. In July 2016, the DWQ extended these permits to 15 July 2020.

In respect of the developments to Red Leaf's EcoShale™ In-Capsule technology, please refer to the Chairman's Statement.

After examining the Pre-Feed commercial study in detail, TomCo decided to examine other oil shale technologies that could be adopted at the Holliday Block lease. In March 2017, TomCo announced that it signed a Letter of Intent with JR Technologies and VDP, to raise up to \$1.5million to begin to develop new oil shale technologies through a new company called TurboShale. JR Technologies will supply its Radio Frequency technology, knowhow and patents; TomCo will supply its management, strategic vision, technical knowhow and the use of its Holliday Block for testing; and VDP will assist with raising the capital for TurboShale and will supply its marketing services. Further to completion of final agreements and the fund raising, the Company will hold a 40% interest in TurboShale.

Directors' report

Palm Oil

During the financial year, TomCo examined other opportunities to generate medium-term cash flows. In July 2016, TomCo received the results of an independent report by Astratec Africa Ltd to look at the palm oil industry in Sierra Leone and the feasibility of setting up a small palm oil plant at Makarie in Sierra Leone. Based on this report, TomCo decided to set up a new palm oil division, TomCo Palm Oil Ltd ("TPO") based in Sierra Leone. However, TomCo was not able to secure the requisite debt finance for TPO and the Board decided to divert its limited management resources towards the formation of TurboShale, so the palm oil project was suspended in November 2016. It has since been decided to write-off the full value of its investment in TPO.

Financing

In May 2016, Christopher Brown, TomCo's Chief Executive, provided the Company a convertible loan of £150,000 (the "Convertible Loan") (further details of which can be found in Note 16). In September 2016, the Company raised gross proceeds of £0.4 million (before expenses) through the placing (the "Placing") of 571,428,571 new ordinary shares at 0.07 pence per placing share (the "Placing Price"). At the same time the Convertible Loan was converted into 214,285,714 new ordinary shares at the Placing Price and, in accordance with the Convertible Loan Agreement, 107,142,857 warrants were issued to Mr Brown, giving him the right to acquire new shares at a price of 0.17 pence for a period of two years from that date. The net proceeds of the Placing and Convertible Loan were applied to the oil shale and palm oil divisions, and for general working capital purposes.

Directors

Directors who served on the Board during the year to 30 September 2016 were as follows:

Andrew Jones
Miikka Haromo (*resigned 7 April 2016*)
Christopher R. Brown (*appointed 6 April 2016*)
Simon Corney

Directors' interests in the shares of the Group, including family interests, were as follows:

| | 30 September 2016 | | 30 September 2015 | |
|------------|--|--------------------|--|-------------------|
| | Ordinary shares of Nil par value | Share warrants | Ordinary shares of 0.5p par value | Share warrants |
| C Brown* | 214,285,714 | 107,142,857 | - | - |
| M Haromo** | n/a | - | 3,000,000 | - |
| A Jones | - | - | - | - |
| S Corney | - | - | - | - |
| | 214,285,714 | 107,142,857 | 3,000,000 | - |

Details of remuneration and share warrants can be found in Note 6 and Note 17.

* Mr. Brown is also the life tenant and settlor of the BBCK Family Trust in Jersey, and therefore an indirect beneficiary of Kenglo One Ltd, a Jersey-based company that is the largest shareholder of TomCo with an interest in 492,920,548 ordinary shares in the capital of TomCo.

** Resigned 7 April 2016

Directors' report

Payments of payables

The Group's policy is to negotiate payment terms with its suppliers in all sectors to ensure that they know the terms on which payment will take place when the business is agreed and to abide by those terms of payment.

The Group's payment days as at 30 September 2016 for trade payables was 8 days (*2015: 8 days*).

Going Concern

The Directors have prepared cash flow forecasts for the twelve months following the date of signing of these financial statements. Under these forecasts the Group requires additional funding by calendar Q1 2018 to have sufficient cash to meet its liabilities and commitments as they fall due. However, the cash flow forecasts assume management fee receipts from TurboShale begin in the next few months and further cost reductions are implemented. The management fee receipts are dependent upon final agreements being reached between the Company, JR Technologies and VDP and TurboShale successfully raising equity in a proposed fundraising. If management fee receipts do not occur, are delayed or cost reductions cannot be implemented as planned, or if there are any additional unforeseen costs, then the Group will require additional funding by August 2017.

The Directors remain confident that they can secure additional funding, either through debt or equity finance, which would provide sufficient funds to meet operating expenditure for the next twelve months. These conditions are considered to represent a material uncertainty which may cast significant doubt over the going concern assessment. Whilst acknowledging this material uncertainty, the Directors remain confident of raising additional funds as required and therefore the Directors consider it appropriate to prepare the financial statements on a going concern basis. The financial statements do not include the adjustments that would result if the Group and Company was unable to continue as a going concern.

Directors' responsibilities

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements comply with the requirements of the Isle of Man Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and for taking steps for the prevention and detection of fraud and other irregularities.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that year. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the AIM Market. In preparing these financial statements, the directors are required to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- state that the Group has complied with IFRS, subject to any material departures disclosed and explained in the financial statements.

The Directors confirm that they have complied with these requirements, and, having a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing the financial statements.

Directors' report

Auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board

Andrew Jones
Chairman

Christopher Brown
Chief Executive

Independent auditors' report

to the members of TomCo Energy plc

We have audited the financial statements of TomCo Energy plc for the year ended 30 September 2016 which comprise the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statements of changes in equity, the consolidated and company statements of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable Isle of Man company law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

This report is made solely to the Company's members as a body, in accordance with our engagement letter dated 2 November 2016. 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 opinion we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable Isle of Man company law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit 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.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of, in all material respects the state of the Group and the Company's affairs as at 30 September 2016 and of the Group's loss for the year then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the European Union.

Emphasis of Matter – Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in Note 1 to the financial statements concerning the Group's ability to continue as a going concern. The Group's cash flow forecasts indicate that it needs to successfully raise further funds, either through equity or debt finance, to meet its liabilities and commitments as they fall due for a period of at least the next 12 months, although the timing of such a funding requirement within that 12 month period is in turn dependent on the Group's ability to generate management fee income receipts and reduce costs as detailed in Note 1. While the Directors are confident of being able to raise the necessary funding these conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

BDO LLP

Chartered Accountants

London, United Kingdom

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of comprehensive income

for the financial year ended 30 September 2016

| | | 2016 | 2015 |
|---|----------|----------------|------------|
| | Note | £'000 | £'000 |
| Revenue | 2 | - | 3 |
| Cost of sales | 2 | - | (8) |
| Gross loss | | - | (5) |
| Administrative expenses | | (495) | (710) |
| Impairment of assets | 8,10 | (4,576) | - |
| Operating loss | 4 | (5,071) | (715) |
| Finance costs | 3 | (72) | (1) |
| Loss on ordinary activities before taxation | | (5,143) | (716) |
| Taxation | 5 | - | - |
| Loss for the year attributable to equity shareholders of the parent | | (5,143) | (716) |
| Total comprehensive loss attributable to equity shareholders of the parent | | (5,143) | (716) |

| | | 2016 | 2015 |
|---|---|--------------------|--------------------|
| | | Pence per share | Pence per share |
| Loss per share attributable to the equity shareholders of the parent | | | |
| Basic & diluted loss per share | 7 | (0.21) | (0.04) |

The Company has elected to take exemption under the Companies Act not to present the parent company's statement of comprehensive income. The loss for the parent company for the year was £5,117,723 (2015: £668,395), which included an impairment charge of £4,575,502.

The Notes on pages 13 to 28 form part of these financial statements.

Consolidated and Company Statement of Financial Position

as at 30 September 2016

| | | Group 2016 | Company 2016 | Group 2015 | Company 2015 |
|-------------------------------------|------|---------------|-----------------|---------------|-----------------|
| | Note | £'000 | £'000 | £'000 | £'000 |
| Assets | | | | | |
| Non-current assets | | | | | |
| Intangible assets | 8 | 7,627 | - | 8,933 | 1,314 |
| Investment in subsidiaries | 9 | - | 7,627 | - | 7,619 |
| Available for sale financial assets | 10 | - | - | 3,262 | 3,262 |
| Other receivables | 11 | 20 | - | - | 42 |
| | | 7,647 | 7,627 | 12,195 | 12,237 |
| Current assets | | | | | |
| Trade and other receivables | 11 | 38 | 97 | 42 | 12 |
| Cash and cash equivalents | 12 | 381 | 378 | 272 | 271 |
| | | 419 | 475 | 314 | 283 |
| TOTAL ASSETS | | 8,066 | 8,102 | 12,509 | 12,520 |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | 13 | (232) | (225) | (136) | (129) |
| | | (232) | (225) | (136) | (129) |
| Net current assets | | 187 | 250 | 178 | 154 |
| TOTAL LIABILITIES | | (232) | (225) | (136) | (129) |
| Total net assets | | 7,834 | 7,877 | 12,373 | 12,391 |
| Shareholders' equity | | | | | |
| Share capital | 15 | - | - | 10,133 | 10,133 |
| Share premium | 16 | 25,125 | 25,125 | 14,457 | 14,457 |
| Warrant reserve | 17 | 57 | 57 | 42 | 42 |
| Retained deficit | | (17,348) | (17,305) | (12,259) | (12,241) |
| Total equity | | 7,834 | 7,877 | 12,373 | 12,391 |

The accounts on pages 9 to 28 were approved and authorised for issue by the Board of Directors on 30th March 2017.

Andrew Jones
Director

Alexander Bengner
Director

Consolidated statement of changes in equity

for the financial year ended 30 September 2016

| Note | Group | | | | | Company | | | | |
|--|---------------|---------------|-----------------|------------------|---------------|---------------|---------------|-----------------|------------------|---------------|
| | Share capital | Share premium | Warrant reserve | Retained Deficit | Total | Share capital | Share premium | Warrant reserve | Retained deficit | Total |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Balance at 1 October 2014 | 9,931 | 14,578 | 42 | (11,543) | 13,008 | 9,931 | 14,578 | 42 | (11,573) | 12,978 |
| Total comprehensive loss for the year | - | - | - | (716) | (716) | - | - | - | (668) | (668) |
| Issue of share capital | 15,16 | 202 | (121) | - | 81 | 202 | (121) | - | - | 81 |
| At 30 September 2015 | 10,133 | 14,457 | 42 | (12,259) | 12,373 | 10,133 | 14,457 | 42 | (12,241) | 12,391 |
| Total comprehensive loss for the year | - | - | - | (5,143) | (5,143) | - | - | - | (5,118) | (5,118) |
| Issue of shares | 15,16 | 174 | (132) | - | 42 | 174 | (132) | - | - | 42 |
| Redenomination of share capital to nil par value | 15,16 | (10,307) | 10,307 | - | - | (10,307) | 10,307 | - | - | - |
| Issue of shares (net of costs) | 16 | - | 343 | - | 343 | - | 343 | - | - | 343 |
| Issue of Warrants | 17 | - | - | 15 | 15 | - | - | 15 | - | 15 |
| Conversion of loan notes | 16 | - | 150 | - | 204 | - | 150 | - | 54 | 204 |
| At 30 September 2016 | - | 25,125 | 57 | (17,348) | 7,834 | - | 25,125 | 57 | (17,305) | 7,877 |

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

| Reserve | Descriptions and purpose |
|------------------|--|
| Share capital | Amount subscribed for share capital at nominal value, together with transfers to share premium upon redenomination of the shares to nil par value. |
| Share premium | Amount subscribed for share capital in excess of nominal value, together with transfers from share capital upon redenomination of the shares to nil par value. |
| Warrant reserve | Amounts credited to equity in respect of warrants to acquire ordinary shares in the Company. |
| Retained deficit | Cumulative net gains and losses recognised in the consolidated statement of comprehensive income. |

The Notes on pages 13 to 28 form part of these financial statements.

Consolidated and company statements of cash flows

for the financial year ended 30 September 2016

| | Note | Group 2016 £'000 | Company 2016 £'000 | Group 2015 £'000 | Company 2015 £'000 |
|---|-------|------------------------|--------------------------|------------------------|--------------------------|
| Cash flows from operating activities | | | | | |
| Loss after tax | 2 | (5,143) | (5,118) | (716) | (668) |
| <i>Adjustments for:</i> | | | | | |
| Finance costs | 3 | 72 | 72 | 1 | 1 |
| Impairment | | 4,576 | 4,576 | - | - |
| (Increase)/decrease in trade and other receivables | | (16) | (43) | 93 | 51 |
| Increase/(decrease) in trade and other payables | | 95 | 95 | (86) | (92) |
| Cash (used in) / generated by operations | | (416) | (418) | (708) | (708) |
| Cash flows from investing activities | | | | | |
| Investment in oil & gas assets | 8 | (8) | - | (118) | - |
| Additions to investment in subsidiary | 9 | - | (8) | - | (118) |
| Net cash used in investing activities | | (8) | (8) | (118) | (118) |
| Cash flows from financing activities | | | | | |
| Issue of shares (net of issue costs) | 15,16 | 385 | 385 | 1,008 | 1,008 |
| Issue of convertible loan notes | 16 | 150 | 150 | - | - |
| Interest paid on convertible loan notes | | (2) | (2) | - | - |
| Net cash generated from financing activities | | 533 | 533 | 1,008 | 1,008 |
| Net increase in cash and cash equivalents | | 109 | 107 | 182 | 182 |
| Cash and cash equivalents at beginning of financial year | | 272 | 271 | 90 | 89 |
| Cash and cash equivalents at end of financial year | | 381 | 378 | 272 | 271 |

The Notes on pages 13 to 28 form part of these financial statements.

Notes to the financial statements

for the financial year ended 30 September 2016

1. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

1.1 Basis of preparation

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations and with those parts of the Isle of Man Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historic cost convention.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Details of the Group's significant accounting judgments and critical accounting estimates are set out in these financial statements and include:

- Commercial reserves estimates; (Note 8);
- Impairment of intangible assets (Note 8);
- Impairment of available for sale financial assets (Note 10);

The Group has consistently applied all applicable accounting standards.

The Directors have prepared cash flow forecasts for the next twelve months from the date of signing of these financial statements. Under these forecasts the Group requires additional funding by calendar Q1 2018 to have sufficient cash to meet its liabilities and commitments as they fall due. The cash flow forecasts assume management fee receipts from TurboShale begin in the next few months and further cost reductions are implemented. The management fee receipts are dependent upon final agreements being reached between the Company, JR Technologies LLC and Venture Development Partners Ltd and in TurboShale Inc successfully raising equity in a proposed fundraising. If management fee receipts do not occur, are delayed or cost reductions cannot be implemented as planned then the Group will require additional funding by August 2017.

The Directors remain confident that they can secure additional funding, either through debt or equity finance, which would provide sufficient funds to meet operating expenditure for the next twelve months. These conditions are considered to represent a material uncertainty which may cast significant doubt over the ability to continue as a going concern. Whilst acknowledging this material uncertainty, the Directors remain confident of raising additional funds as required and therefore the Directors consider it appropriate to prepare the financial statements on a going concern basis. The financial statements do not include the adjustments that would result if the Group and Company was unable to continue as a going concern.

1.2 Future changes in accounting standards

The IFRS financial information has been drawn up on the basis of accounting standards, interpretations and amendments effective at the beginning of the accounting period.

There were no new standards, interpretations and amendments to published standards effective in the year which had a significant impact on the Group.

The International Accounting Standards Board (IASB) has issued the following new and revised standards, amendments and interpretations to existing standards that are not effective for the financial year ending 31 December 2016 and have not been adopted early.

| International Accounting Standards (IAS/IFRS) | Effective date (periods beginning on or after) |
|---|--|
| • IFRS 15 Revenue from contracts with customers | 1 Jan 2018 |
| • IFRS 9 Financial instruments | 1 Jan 2018 |
| • IFRS 16* Leases | 1 Jan 2019 |

* Not yet adopted by European Union

IFRS 15 is intended to introduce a single framework for revenue recognition and clarify principles of revenue recognition. This standard modifies the determination of when to recognise revenue and how much revenue to recognize. The core principle is that an entity recognises revenue to depict the transfer of promised goods and services to the customer of an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

IFRS 16 introduces a single lease accounting model. This standard requires lessees to account for all leases under a single on-balance sheet model. Under the new standard, a lessee is required to recognise all lease assets and liabilities on the balance sheet; recognise amortisation of leased assets and interest on lease liabilities over the lease term; and separately present the principal amount of cash paid and interest in the cash flow statement.

Notes to the financial statements

for the financial year ended 30 September 2016

IFRS 9 “Financial instruments” addresses the classification and measurement of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income (OCI) and fair value through profit or loss. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit loss model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. Management are currently assessing the standard’s full impact.

The Group is currently assessing the impact of these standards but based on the Group’s current operations do not expect them to have a material impact on the financial statements noting that the investment in available for sale assets have been impaired.

1.3 Basis of consolidation

The Group accounts consolidate the accounts of the parent company, TomCo Energy plc, and all its subsidiary undertakings drawn up to 30 September 2016. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The acquisition of subsidiaries is accounted for on the purchase basis. A subsidiary is consolidated where the Company has the control over an investee. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. On acquisition all the subsidiary’s assets and liabilities which existed at the date of acquisition are recorded at their fair values reflecting their condition at the time. If, after re-assessment, the Group’s interest in the net fair value of the identifiable assets liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the statement of comprehensive income.

1.4 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the Board of Directors.

Based on an analysis of risks and returns, the Directors consider that the Group has one principal business segment based on geographical location. The loss before taxation arises principally within the UK and US. Net assets are principally in the UK and the US.

1.5 Revenue

Turnover represents the Group’s share of sales of oil during the year, excluding sales tax and royalties. Income arises from the US and is recognised when the oil is delivered to the customer.

1.6 Finance income

Finance income is accounted for on an effective interest basis.

1.7 Property, plant and equipment

Office fixtures, fittings and equipment are stated at cost of purchase. Depreciation of office fixtures, fittings and equipment is provided at 33.3% straight line per annum on cost.

Oil & Gas development and production assets are accumulated on a field-by-field basis and represent the cost of developing the commercial reserves discovered and bringing them into production, together with any decommissioning asset.

The net book values of producing assets are depreciated on a field-by-field basis using the unit of production method by reference to the ratio of production in the period to the related commercial reserves of the field, taking into account estimated future development expenditures necessary to bring those reserves into production.

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. Impairments are charged to administrative expenses within the statement of comprehensive income.

1.8 Intangible assets

Exploration and development licences

The Company applies the full cost method of accounting for oil and gas operations. For evaluation properties, all mineral leases, permits, acquisition costs, geological and geophysical costs and other direct costs of exploration appraisal, renewals and development are capitalised as intangible fixed assets in appropriate cost pools. Costs relating to unevaluated properties are held outside the relevant cost pool, and are not amortised until such time as the related property has been fully appraised. When a cost pool reaches an evaluated and bankable feasibility stage, the assets are transferred from intangible to oil properties within property, plant and equipment.

Technology licences

Depreciation is not charged on technology licences associated with oil and gas assets until they are available for use.

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1.9 Impairment

Exploration and development licences

Exploration and development assets are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed the recoverable amount. In accordance with IFRS 6 the Group firstly considers the following facts and circumstances in their assessment of whether the Group's exploration and evaluation assets may be impaired, whether:

- the period for which the Group has the right to explore in a specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in a specific area is neither budgeted nor planned;
- exploration for and evaluation of hydrocarbons in a specific area have not led to the discovery of commercially viable quantities of hydrocarbons and the Group has decided to discontinue such activities in the specific area; and
- sufficient data exists to indicate that although a development in a specific area is likely to proceed, the carrying amount of the exploration and evaluation assets is unlikely to be recovered in full from successful development or by sale.

If any such facts or circumstances are noted, the Group perform an impairment test in accordance with the provisions of IAS 36. The aggregate carrying value is compared against the expected recoverable amount of the cash generating unit, which is generally the field, except that a number of field interests may be grouped as a single cash generating unit where the cash flows are independent. The recoverable amount is the higher of value in use and the fair value less costs to sell.

Any impairment loss would be recognised in the income statement and separately disclosed.

Technology licence

The carrying amount of the Group's other intangible asset, its technology licence, is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement.

1.10 Asset disposals

Proceeds from the disposal of an asset, or part thereof, are taken to the statement of comprehensive income together with the requisite net book value of the asset, or part thereof, being sold.

1.11 Taxation

Taxation expense represents the sum of current tax and deferred tax.

Current tax is based on taxable profits for the financial period using tax rates that have been enacted or substantively enacted by the reporting date. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. If deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for. Deferred tax is determined using tax rates that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversals of the temporary differences is controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

1.12 Convertible loan notes

When the terms of a convertible loan arrangement are such that the option will not be settled by the Company exchanging a fixed number of its own equity instruments for a fixed amount of cash, the convertible loan (the host contract) is accounted for as a hybrid financial instrument and the option to convert is an embedded derivative.

The embedded derivative is separated from the host contract as its risks and characteristics are not closely related to those of the host contract. At each reporting date, the embedded derivative is measured at fair value with changes in fair value

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recognised in the Income Statement as they arise. The host contract carrying value on initial recognition is based on the net proceeds of issuance of the convertible loan reduced by the fair value of the embedded derivative and is subsequently carried at each reporting date at amortised cost. The embedded derivative and host contract are presented under separate headings in the statement of financial position.

Prior to conversion the embedded derivative is revalued at fair value. Upon conversion of the loan, the liability, including the derivative liability, is derecognised in the statement of financial position. At the same time, an amount equal to the redemption value is recognised within share capital and share premium. Any resulting difference is recognised in retained earnings.

1.13 Foreign currencies

The accounts have been prepared in pounds sterling being the presentational currency of the Group and Company. The functional currency of the holding Company and the Company's subsidiaries is also pounds sterling. Assets and liabilities held in the Company or overseas subsidiaries in US dollars are translated into pounds sterling at the rate of exchange ruling at the reporting date.

Transactions entered into by Group entities in a currency other than the functional currency of the entity are recorded at the rates ruling when the transactions occur. Exchange differences arising from the settlement of monetary items are included in the statement of comprehensive income for that period.

1.14 Operating leases

Rentals payable under operating leases, net of lease incentives, are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

1.15 Available-for-sale financial assets

The Group classifies its investments as available-for-sale financial assets.

The available for sale financial assets are carried at fair value when the fair value can be measured reliably with changes in fair value recognised directly in equity within the available-for-sale reserve; exchange differences on available-for-sale financial assets denominated in a foreign currency are recognised in other comprehensive income. If the fair value of available for sale financial assets cannot be reliably measured then they are carried at historic cost. These assets are then assessed for impairment. If there is evidence that an impairment loss has been incurred on an equity instrument that does not have a quoted price in an active market and that is not carried at fair value because its fair value cannot be reliably measured, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Any such impairment is recognised in the profit or loss. Such impairment losses shall not be reversed.

1.16 Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset such as receivables from subsidiaries. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group or Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

1.17 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at the bank and other short term liquid investments with original maturities of three months or less.

1.18 Trade payables

Trade payables, defined as financial liabilities in accordance with IAS 39, are recognised at amortised cost. All of the trade payables are non-interest bearing.

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1.19 Share capital

Ordinary shares are classified as equity. Ordinary shares allotted under a Liquidity Facility Agreement and associated Promissory Notes are recorded as issued shares at the time the shares are allotted but are only recognised as equity within share capital and share premium on sale and issue to a third party. Upon cancellation of such a facility the number of shares in issue is reduced.

Where the proceeds from the sale of shares under a Liquidity Facility is below the par value of the shares the difference between the proceeds and the par value of the shares is recorded as a reduction in share premium.

1.20 Warrants

Warrants issued as part of financing transactions in which the holder receives a fixed number of shares on exercise of the warrant are fair valued at the date of grant and recorded within the warrant reserve. Fair value is measured by the use of the Black Scholes model.

1.21 Investments in subsidiaries

Investments in subsidiary undertakings are stated at cost less impairment provisions.

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2. Segmental reporting - Analysis by geographical segment

The Group's revenue in 2015 arose within the US. The loss before taxation arises within principally the UK and US. Net assets are principally in the UK and US. The results associated with the Group's activities in Sierra Leone are immaterial and included within the United Kingdom below. Based on an analysis of risks and returns, the Directors consider that the Group has one principle business segment based on geography, with the UK primarily representing head office costs of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the Board of Directors. The Directors therefore consider that no further segmentation is appropriate.

| Year ended 30 September | United States | United Kingdom | Total | United States | United Kingdom | Total |
|--|---------------|----------------|---------|---------------|----------------|--------|
| | 2016 | 2016 | 2016 | 2015 | 2015 | 2015 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Revenue | - | - | - | 3 | - | 3 |
| Cost of sales | - | - | - | (8) | - | (8) |
| Gross loss | - | - | - | (5) | - | (5) |
| Impairment | - | (4,576) | (4,576) | - | - | - |
| Administrative expenses | (8) | (487) | (495) | (42) | (688) | (710) |
| Operating loss | (8) | (5,063) | (5,071) | (47) | (668) | (715) |
| Financial income | - | - | - | - | - | - |
| Finance costs | - | (72) | (72) | - | (1) | (1) |
| Total loss | (8) | (5,135) | (5,143) | (47) | (669) | (716) |
| Non-Current assets: | | | | | | |
| – Exploration and development licences | 7,627 | - | 7,627 | 7,619 | - | 7,619 |
| – Other | - | 20 | 20 | - | - | - |
| – Technology licence | - | - | - | - | 1,314 | 1,314 |
| - Available for sale financial assets | - | - | - | - | 3,262 | 3,262 |
| | 7,627 | 20 | 7,647 | 7,619 | 4,576 | 12,195 |
| Current assets: | | | | | | |
| Trade and other receivables | - | 38 | 38 | 30 | 12 | 42 |
| Cash and cash equivalents | - | 381 | 381 | 1 | 271 | 272 |
| Total assets | 7,627 | 439 | 8,066 | 7,650 | 4,859 | 12,509 |
| Current liabilities: | | | | | | |
| Trade and other payables | (7) | (225) | (232) | (7) | (129) | (136) |
| Total liabilities | (7) | (225) | (232) | (7) | (129) | (136) |

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3. Finance costs

| | 2016 | 2015 |
|---|-----------|----------|
| | £'000 | £'000 |
| Bank charges | 1 | 1 |
| Loan note interest (Note 16) | 2 | - |
| Warrant expense | 15 | - |
| Loss on derivative (Note 16) | 54 | - |
| Total Finance Costs for the financial year | 72 | 1 |

4. Operating loss

| The following items have been charged in arriving at operating loss: | 2016 | 2015 |
|--|-------|-------|
| | £'000 | £'000 |
| Auditors' remuneration: (audit services) | 29 | 27 |
| Rentals payable in respect of land and buildings | 7 | 6 |

5. Taxation

There is no tax charge in the year due to the loss for the year.

Factors affecting the tax charge:

| | 2016 | 2015 |
|---|----------------|--------------|
| | £'000 | £'000 |
| Loss on ordinary activities before tax | (5,143) | (716) |
| Loss on ordinary activities at standard rate of corporation tax in the UK of 20% (2015: 20.0%) | (1,029) | (143) |
| Effects of: | | |
| Non deductible items (impairments) | 915 | - |
| Excess management expenses carried forward | 114 | 143 |
| Tax charge for the financial year | - | - |

6. Employees and Directors

The Group has no employees other than the directors, whose emoluments comprise fees paid for services. The amounts for their services are detailed below:

| | Salaries | Salaries |
|---|------------|------------|
| | 2016 | 2015 |
| | £'000 | £'000 |
| C Brown (<i>Appointed 6 April 2016</i>) | 20 | - |
| M Haromo (<i>Resigned 6 April 2016</i>) | 87 | 104 |
| A Jones | 30 | 7 |
| S Corney | 30 | 6 |
| N Bonsor | - | 63 |
| P Rankine | - | 113 |
| Total remuneration | 167 | 293 |

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7. Loss per share

Basic loss per share is calculated by dividing the losses attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. Reconciliations of the losses and weighted average number of shares used in the calculations are set out below.

| | Losses | Weighted average Number of shares | Per share Amount |
|---|----------------|--|---------------------|
| Financial year ended 30 September 2016 | £'000 | '000 | Pence |
| Basic and Diluted EPS | | | |
| Losses attributable to ordinary shareholders on continuing operations | (5,143) | 2,394,339 | (0.21) |
| Total losses attributable to ordinary shareholders | (5,143) | 2,394,339 | (0.21) |
| Financial year ended 30 September 2015 | | | |
| Basic and Diluted EPS | | | |
| Losses attributable to ordinary shareholders on continuing operations | (716) | 1,999,455 | (0.04) |
| Total losses attributable to ordinary shareholders | (716) | 1,999,455 | (0.04) |

The warrants which were issued in the current and prior year (Note 17) are anti-dilutive. As the warrants would be anti-dilutive a separate diluted loss per share is not presented.

8. Intangible assets

| | Oil & Gas Exploration and development licences | Oil & Gas Technology licence | Oil & Gas Total |
|----------------------------------|---|------------------------------------|--------------------|
| | £'000 | £'000 | £'000 |
| Cost | | | |
| At 1 October 2014 | 7,501 | 1,314 | 8,815 |
| Additions | 118 | - | 118 |
| At 30 September 2015 | 7,619 | 1,314 | 8,933 |
| Additions | 8 | - | 8 |
| Impairment of technology licence | - | (1,314) | (1,314) |
| Net book value | | | |
| At 30 September 2016 | 7,627 | - | 7,627 |
| At 30 September 2015 | 7,619 | 1,314 | 8,933 |
| At 30 September 2014 | 7,501 | 1,314 | 8,815 |

The oil and gas technology licence was signed in 2010 and grants to TomCo an exclusive, site-specific licence of certain patent rights and "know how" relating to the EcoShale™ In-Capsule Process, developed by Red Leaf Resources Inc. ("Red Leaf"). Under the terms of the licence, Red Leaf has agreed to provide TomCo with all new patents, techniques, information and new discoveries in relation to the EcoShale™ system. The Directors have considered the carrying value of the technology licence as at 30 September 2016. As detailed in the Group's announcement in June 2016, Red Leaf's joint venture partner, TOTAL, have decided not to support Red Leaf's second

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Early Production System. Whilst Red Leaf has completed permitting of its Seep Ridge site and is constructing the Early Production System, the Directors consider there to be significant uncertainty around the viability of the technology and its commercialisation in the near term and based on these developments the Directors have determined it appropriate to provide, in full, for the value of this asset.

The exploration and development licences comprise two State of Utah oil shale leases covering approximately 2,919 acres and independent natural resources consultants SRK Consultants Ltd, part of the internationally recognised SRK Group, has declared a surface mineable JORC compliant Measured Resource of 126 million barrels on the main tract of TomCo's Holliday Block lease in 2012. The claim areas and the Group's interest in them is:

| Asset | Per cent Interest | Licence Status | Expiry Date | Licence Area (Acres) |
|----------|-------------------|----------------|-------------|----------------------|
| ML 49570 | 100 | Prospect | 31/12/2024 | 1,638.84 |
| ML 49571 | 100 | Prospect | 31/12/2024 | 1,280.00 |

In performing an assessment of the carrying value of the exploration licence at the reporting date, the Directors concluded that it was not appropriate to book an impairment given the JORC Measured Resource, the licence term and the continued plans to explore and develop the block. The outcome of ongoing exploration, and therefore whether the carrying value of the exploration licence will ultimately be recovered, is inherently uncertain. If the required additional funding was not to be made available to the company, the carrying value of the asset might need to be impaired. The Directors considered the impact of the decision to impair the technology licence on the carrying value of the exploration asset and, given the JORC Measured Resource and strategic plans being progressed for the asset, including the new technologies which TurboShale intend to develop, concluded that no impairment was considered appropriate.

9. Company investment in subsidiaries

Shares in Group undertakings

| | Total £'000 |
|-----------------------------|----------------|
| Cost | |
| At 30 September 2014 | 7,501 |
| Additions | 118 |
| At 30 September 2015 | 7,619 |
| Additions | 8 |
| At 30 September 2016 | 7,627 |

The investments in subsidiaries relate to companies involved in the development of the exploration asset. The Directors consider these investments are supported by their assessment of the carrying value of the intangible oil and gas assets in the subsidiary and are not considered impaired. For further details see Note 8.

TomCo Energy plc holds interests in the following subsidiaries:

| Subsidiary Undertaking | Country of incorporation or registration | Proportion of voting rights and ordinary share capital held | Nature of business |
|----------------------------|--|---|--|
| The Oil Mining Company Inc | Utah, USA | 100% | Holding of oil shale leases |
| TomCo Palm Oil Limited | Sierra Leone | 100% | TomCo Palm Ltd was incorporated in June 2016 for the purposes of exploring the viability of establishing a Palm Oil production company |
| TomCo I LLC | Delaware, USA | 100% | Holding company of TomCo II |
| TomCo II LLC | Delaware, USA | 100% indirect holding | TomCo II is engaged in the exploration and extraction of oil and gas through joint investment in oil leases |

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10. Available-for-sale financial assets

| Cost | Unlisted Investments £'000 |
|--|---|
| At 1 October 2014 | 3,442 |
| Additions | - |
| At 30 September 2015 | 3,442 |
| Additions | - |
| At 30 September 2016 | 3,442 |
| Provisions | |
| At 1 October 2014 and 30 September 2015 | 180 |
| Impairment | 3,262 |
| At 30 September 2016 | 3,442 |
| Net book value | |
| At 30 September 2016 | - |
| At 30 September 2015 | 3,262 |
| At 30 September 2014 | 3,262 |

During the year to 30 September 2012, the Company invested \$5 million (£3,147,735) in Red Leaf Resources Inc (Equity securities US (3)) at \$1,500 per share as part of a \$100 million raising by Red Leaf in conjunction with the closing of a Joint Venture ("JV") with Total E&P USA Oil Shale, LLC, an affiliate of Total SA, the 5th largest international integrated oil and gas company.

The Directors considered that the fair value of the investment cannot be reliably measured and so, as permitted by IFRS, the asset was stated at original cost less any provision for impairment. The directors consider that the carrying value of the investment in Red Leaf is dependent on the success of the EcoShale™ technology. Whilst Red Leaf has completed its permitting for Seep Ridge and has started constructing the Early Production System Capsule its joint venture partner, TOTAL, have decided not to support Red Leaf's second Early Production System. Tomco have continued to monitor Red Leaf's design and development of the EPS capsule and the Directors consider there to be significant uncertainty around the viability of the technology and its commercialisation and based on the developments in the year the Directors have determined it appropriate to impair the investment.

Details of unlisted investments

| Name | Share holding number | Percentage holding % | Average cost per share | Cost £'000 |
|----------------------------|-------------------------------------|-------------------------------------|-----------------------------------|-----------------------|
| Equity securities US (1) | 9,751 | 0.78 | 31pence | 30 |
| Equity securities UK | 471,070 | 3.47 | 20 pence | 94 |
| Equity securities US (2) | 1,000,000 | 8.12 | 5 pence | 56 |
| Equity securities US – Red | 3,333.33 | 0.43 | 1,500 dollars | 3,262 |

The Directors provided in full for the investment in equity securities in the US (1) in 2007 due to the uncertain future of the Company. The Equity securities, US (2) and UK were also provided in full in 2008 due to uncertainties about the future of those Companies. Refer to details above on Red Leaf.

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11. Trade and other receivables

| | Group 2016 £'000 | Company 2016 £'000 | Group 2015 £'000 | Company 2015 £'000 |
|--------------------------|------------------------|--------------------------|------------------------|--------------------------|
| Current | | | | |
| Other receivables | 33 | 33 | 34 | 4 |
| Amounts owed from Group | - | 59 | - | - |
| Prepayments and accrued | 5 | 5 | 8 | 8 |
| | 38 | 97 | 42 | 12 |
| Non- current | | | | |
| Other receivables | 20 | - | - | - |
| Amounts owed from Group | - | - | - | 42 |
| Total Receivables | 58 | 97 | 42 | 54 |

As at 30 September 2016 there were no receivables considered past due (2015: £Nil). The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable and cash and cash equivalents as disclosed in Note 18.

All current receivable amounts are due within 6 months.

12. Cash and cash equivalents

| | Group 2016 £'000 | Company 2016 £'000 | Group 2015 £'000 | Company 2015 £'000 |
|---------------------------------|------------------------|--------------------------|------------------------|--------------------------|
| Cash at bank and in hand | 381 | 378 | 272 | 271 |

The Group earns 0.05% (2015: 0.05%) interest on their cash deposits, consequently the Group's exposure to interest rate volatility is not considered material.

13. Trade and other payables

| | Group 2016 £'000 | Company 2016 £'000 | Group 2015 £'000 | Company 2015 £'000 |
|----------------|------------------------|--------------------------|------------------------|--------------------------|
| Current | | | | |
| Trade payables | 70 | 63 | 10 | 3 |
| Other payables | 5 | 5 | 1 | 1 |
| Accruals | 157 | 157 | 125 | 125 |
| | 232 | 225 | 136 | 129 |

All current amounts are payable within 6 months and the Board of Directors considers that the carrying values adequately represent the fair value of all payables.

14. Deferred tax

Unrecognised losses

The Company has tax losses in respect of excess management expenses of £10,383,135 (2015: £9,813,137) available for offset against future Company income. This gives rise to a potential deferred tax asset at the reporting date of £2,076,627 (2015: £1,962,627). No deferred tax asset has been recognised in respect of the tax losses carried forward as the recoverability of this benefit is dependent on the future profitability of the Company, the timing of which cannot reasonably be foreseen but the excess management expenses have no expiry date.

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15. Share capital

| | Number of shares in Issue | 2015 £ |
|---|------------------------------|-------------------|
| Issued and fully paid at 1 October and 30 September | 2,072,455,744 | 10,362,279 |
| Less Shares issued under Promissory Note | - | (228,904) |
| Total share capital | - | 10,133,375 |
| Balance of Shares issued under Promissory Note not called up: | | |
| At 1 October | 90,675,831 | (431,354) |
| Called up in current year | (40,490,000) | 202,450 |
| At 30 September | 45,780,831 | (228,904) |
| | Number of shares in issue | 2016 £ |
| Issued and fully paid at 1 October | 2,072,455,744 | 10,362,279 |
| Less Shares issued under Promissory Note at 1 October | - | (228,904) |
| Shares issued in the year via Promissory Note | - | 174,000 |
| Cancellation of shares in Promissory Note | (10,980,831) | - |
| Transfer to share premium upon redenomination the ordinary shares them having a nil par value | - | (10,307,375) |
| September 2016 – placing (Note 16) | 571,428,571 | - |
| September 2016 – conversion of loan notes (Note 16) | 214,285,714 | - |
| At 30 September | 2,847,189,198 | - |
| Balance of Shares issued under Promissory Note not called up: | | |
| At 1 October | 45,780,831 | (228,904) |
| Called up in the year | (34,800,000) | 174,000 |

In 2013 the Group entered into a Liquidity Facility Agreement and an associated Promissory Note (together the "Liquidity Facility") with Windsor Capital Partners Limited ("Windsor Capital"). Under the Liquidity Facility TomCo issued and allotted 100 million ordinary shares of 0.5p each ("Ordinary Shares") to Windsor Capital in exchange for the Promissory Note. The Promissory Note delivers the proceeds of the sale of the Ordinary Shares over the life of the Promissory Note based on the occurrence of "Liquidity Trigger Days". Liquidity Trigger Days are those days on which the volume of shares traded is greater than 80% of the trailing 90 day weighted average daily trading volume. On Liquidity Trigger Days, Windsor Capital seek to sell Ordinary Shares, up to a maximum of 10% of the daily volume averaged over any 5 day period, on a best effort basis at the AIM Market offer-price or higher. Shares which remain unsold at the reporting date are not included within the share capital and share premium account as they are not considered called up.

During the period, the Group raised a net amount of £42,231 (2015: £81,357) under the facility by the sale of 34,800,000 ordinary shares (2015: 40,490,000). Where the proceeds were below the par value of share capital the difference was recorded as a reduction in share premium. On 15 July 2016 the Group cancelled the Liquidity Facility and the remaining 10,980,831 ordinary shares were cancelled, resulting in a capital reduction.

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16. Share premium

| | 2016 | 2015 |
|---|---------------|--------|
| | £'000 | £'000 |
| At 1 October | 14,457 | 14,578 |
| Deficit on shares issued below par (note 15) | (132) | (121) |
| Transfer from Share Capital account of redenomination of the Ordinary Shares to nil par value | 10,307 | - |
| September 2016 – placing at 0.07 pence per share (i) | 343 | - |
| September 2016 – conversion of loan notes at 0.07 pence per share (ii) | 150 | - |
| At 30 September | 25,125 | 14,457 |

(i) Placing

On 2 September 2016 the company raised £400,000 (£343,000 net of costs) through a share placing of 571,428,571 new Ordinary Shares of no par value at 0.07p per Ordinary Share. The placing completed in full on 2 September 2016 with all cash proceeds received in the same month.

(ii) Conversion of loan notes

On 20 May 2016 the Company entered into an agreement with Christopher Brown, CEO of the Company, to provide £150,000 by way of a loan, convertible into ordinary shares in the Company.

Under the terms of the loan agreement interest accrued on the loan notes at 5% per annum. The loan was convertible into ordinary shares of the Company either automatically if an equity placing was to take place within six months from the issuance of the Convertible Loan, or at the election of the holder should no placing occur. Further, the conversion could be either at the placing price (in the event that an equity placing occurring), or at the average share price from the 20 trading days immediately prior to the conversion date (in the absence of any equity placing). As such, the terms were such that a variable number of shares could be issued. In addition, the Company agreed to issue Chris warrants at the conversion date as a term of the convertible loan note (the terms of which are detailed in Note 17).

The option to convert to a variable number of shares represented an embedded derivative which was recognised at a fair value of £10,153. The residual £139,847 was recognised as the fair value of the loan note on inception.

The Placing on 2 September 2016 triggered the conversion of the loan notes. Prior to conversion the instrument was revalued with a resulting in a finance charge of £53,571 in the income statement. The loan liability was converted into 214,285,713 new ordinary shares at the placing price of 0.07p in accordance with the agreed terms noted above. The loan note and embedded derivative were de-recognised and included in reserves. At the date of conversion, the loan interest accrued was £2,158 this interest amount was paid in cash.

Notes to the financial statements

for the financial year ended 30 September 2016

17. Warrants

At 30 September 2016, the following share warrants are outstanding in respect of the ordinary shares:

| | 2016 number | 2016 Weighted average exercise price Pence | 2015 number | 2015 Weighted average exercise price Pence |
|---------------------------------|--------------------|---|----------------|---|
| Outstanding at 1 October | 19,420,326 | 0.6 | 7,420,326 | 1.2 |
| Expired during the year | (7,420,326) | 1.2 | - | 0.5 |
| Granted during the year | 107,142,857 | 0.17 | 12,000,000 | 0.5 |
| Outstanding at 30 September | 119,142,857 | 0.18 | 19,420,326 | 0.6 |
| Exercisable at 30 September | 119,142,857 | 0.18 | 19,420,326 | 0.6 |

Issue of Warrants

Upon conversion of the loan as detailed in Note 16, Chris Brown, CEO of the Company, was issued with 1 warrant for every 2 shares into which the loan converted giving him the right to acquire new shares at an exercise price of 0.17p (representing a 21.4% premium to the closing mid-price as at 18 May 2016 being the loan note issue date). These warrants have a life of two years and can be exercised from the date of issue in September 2016. The fair value of £15,000 was recorded in equity and expensed.

On completion of the placing on 2 October 2014, the Company issued 12,000,000 warrants with an exercise price of 0.5p and a contractual life of 5 years. On 12 March 2016, 7,420,326 warrants expired. The fair value of the warrants issued in the prior year was insignificant and therefore not recognised.

Each warrant in issue is governed by the provisions of warrant instruments representing the warrants which have been adopted by the Company. The rights conferred by the warrants are transferable in whole or in part subject to and in accordance with the transfer provisions set out in the Articles. The warrants outstanding at 30 September 2016 had a weighted average exercise price of 0.18p (2015: 0.6p) and a weighted average remaining contractual life of 2.1 years (2015: 2.23 years). On completion of the loan conversion (Note 16), on 2 September the Company issued 107,142,857 warrants with an exercise price of 0.17p and a contractual life of 2 years.

The inputs into the Black-Scholes model for calculating estimated fair value were:

| | 2016 | 2015 |
|--------------------------|--------------|------|
| Share price (pence) | 0.095 | 0.18 |
| Exercise price (pence) | 0.17 | 0.1 |
| Expected volatility | 55% | 55% |
| Risk-free rate | 2.5% | 3% |
| Contractual life (years) | 2 | 5 |

Expected volatility was determined by calculating the historical volatility of the Company's share or the volatility of a basket of similar listed companies where the historic volatility was not available. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

18. Financial instruments

The Group and Company's financial instruments, other than its investments, comprise cash and items arising directly from its operation such as other receivables, and trade payables.

Management review the Group and Company's exposure to currency risk, interest rate risk, liquidity risk and credit risk on a regular basis and consider that through this review they manage the exposure of the Group and Company. No formal policies have been put in place in order to hedge the Group and Company's activities to the exposure to currency risk or interest risk, however, this is constantly under review.

Notes to the financial statements

for the financial year ended 30 September 2016

There is no material difference between the book value and fair value of the Group and Company's cash and other financial

Instruments except the available-for-sale asset which is held at cost at 30 September 2015 as it could not be reliably fair valued and has subsequently been impaired at 30 September 2016.

Currency risk

The Group has overseas subsidiaries which operate in the United States include expenses denominated in US\$. Foreign exchange risk is inherent in the Group and Company's activities and is accepted as such. Some of the Company's expenses are denominated in US Dollars. The effect of a 10% strengthening or weakening of the US dollar against sterling at the reporting date on the sterling denominated balances would, all other variables held constant, not result in a significant exchange gain or loss in the period.

Interest rate risk

The Group and Company manage the interest rate risk associated with the Group cash assets by ensuring that interest rates are as favourable as possible, whether this is through investment in floating or fixed interest rate deposits, whilst managing the access the Group requires to the funds for working capital purposes.

The Company's cash and cash equivalents are subject to interest rate exposure due to changes in interest rates. Short-term receivables and payables are not exposed to interest rate risk.

A 1% increase or decrease in the floating rate attributable to the cash balances held at the year end would not result in a significant difference on interest receivable.

Liquidity risk

At the year end the Group and Company had cash balances comprising of the following:

| | Group | Company | Group | Company |
|----------------|--------------|----------------|--------------|----------------|
| | 2016 | 2016 | 2015 | 2015 |
| Current | £'000 | £'000 | £'000 | £'000 |
| British Pounds | 378 | 378 | 271 | 271 |
| US Dollars | 3 | - | 1 | - |
| Total | 381 | 378 | 272 | 271 |

Liquidity risk arises from the Group and Company's management of working capital. It is the risk that the Group and Company will encounter difficulty in meeting its financial obligations as they fall due. Refer to note 1 for details of going concern.

The Group and Company policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 90 days.

Credit Risk

Credit risk is the risk of financial loss to the Group and Company if a customer or a counter party to a financial instrument fails to meet its contractual obligations. The Group and Company is principally exposed to credit risk on cash and cash equivalents with banks and financial institutions. For banks and financial institutions, only independently rated parties with an acceptable rating are utilised.

Capital management policies

In managing its capital, the Group and Company's primary objective is to maintain a sufficient funding base to enable the Group and Company to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, through new share issues or debt, the Group and Company considers not only its short-term position but also its long-term operational and strategic objectives.

Notes to the financial statements

for the financial year ended 30 September 2016

19. Related party disclosures

The Directors are Key Management and information in respect of key management is given in Note 6. Details of transactions with related parties regarding financing are provided in Notes 16 and 17.

Transactions between the Company and its subsidiaries and related parties during the year are summarised below:

| | 2016 | 2015 |
|--|--------------|-------|
| | £'000 | £'000 |
| Inter-group receivable outstanding at year end | 59 | 42 |

20. Ultimate controlling party

As at 30 September 2016 and 30 September 2015 there is no ultimate controlling party

- ENDS -



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