Company Registration
No 07055133

CELTIQUE ENERGIE WEALD LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2014

Contents

Strategic Report

During the year under review, the principal activity was that of exploration for hydrocarbons

The Company's investments are in the UK onshore licences PEDL 231, PEDL 232, PEDL 234, and PEDL 243

PERFORMANCE AND DEVELOPMENT REVIEW

UK – Southern England

Central Weald Licences

This area encompasses UK onshore licences PEDL 231, 234 and 243 Celtique Energie Weald Limited is the operator of these licences with a 50% interest, Magellan Petroleum (UK) Limited is the other 50% equity joint venture participant

The Broadford Bridge (PEDL 234) planning approval for an exploratory well to the Triassic sands was received on 5th February 2013 Following release of planning conditions in 2014 wellsite construction commenced in September 2014 and was completed in January 2015 and drilling is anticipated to commence in late 2015 or in 2016, subject to equipment availability and regulatory approval

Following planning refusals for exploratory drilling in PEDL 234 (Wisborough Green) and PEDL 231 (Fernhurst) it was decided not to pursue appeals and therefore the only site currently with planning approval to drill is at Broadford Bridge

Land lease agreements have been signed for three other sites in the Central Weald (PEDL 234) and the results of Broadford Bridge drilling is awaited before submitting any new planning applications to drill

The Department of the Environment and Climate Change (DECC) approved an extension to the three Central Weald licences to June 2016

Southern Weald Licence

This comprises UK onshore licence PEDL 232 Celtique Energie Weald Limited is the operator of the licence with 50% equity, Magellan Petroleum (UK) Limited is the other participant The Company in conjunction with its joint venture partner decided to formally relinquish the licence during the year In light of this decision the accumulated capitalised exploration costs for this permit has been written off

FINANCIAL REVIEW

The loss for the financial year after tax was $2 80 million (2013 $0 37 million) The increase in loss was largely due to the write off the exploration licence PEDL 232 and the debt due from Magellan Petroleum (UK) Limited of $2 7m (in total)

The Company has assets totalling $6 9 million (2013 $6 4 million), the increase is largely due to exploration activities on the Central Weald permits Company liabilities totalled $10 2 million (2013 $6 9 million), the increase being largely due to intercompany funding during the financial year from its parent entity

Financial risk management

The Company's financial risk management policies are in note 11

HEALTH SAFETY AND ENVIRONMENT (HSE)

The Company is committed to conducting its business in a manner that protects people from harm and preserves the environment The Group has designed policies and procedures to honour this commitment which are reviewed regularly These include *inter alia*

- Prescribing annual HSE performance targets and reporting regularly on those targets to the Board,
- Ensuring the availability of specialist support and providing advice to the Executive and the Board,
- Assigning specific responsibilities for HSE performance within the organisation, and
- Maintaining an Environmental Management System in line with industry standards

The Group operates within the framework of the Health, Safety, Environment and Community (HSEC) Policy approved by the Board in December 2011 The policy incorporates a management system that embodies the principles of the HSEC Policy in all Celtique's operations The policy is based on the UK Health and Safety Executive HSG065 Guidance The HSEC Management Standards comprise ten standards which set expectations through a number of performance requirements and provide reference to procedures, guidelines and toolkits There are eight Fundamental Safety Rules which are issued to all employees and contractors based on the principle of "proper equipment – good planning – safe execution"

PRINCIPAL RISKS AND UNCERTAINITIES

The Company, as an explorer for hydrocarbons faces a variety of risks The nature of these risks may be specific to the industry, the Company and / or regulatory risks associated with the markets the Company operates within Many of these risks are outside the Company's control

Significant risks and uncertainties facing the Company are discussed below

Risks relating to the oil and gas industry

- Estimates of commercial hydrocarbon reserves and resources are based on certain assumptions and changes in such assumptions could lead to a restatement of reported hydrocarbon reserves and resources,
- Special uncertainties exist with respect to proving, developing and funding the Company's contingent and prospective resources,
- Exploration and development activities are capital intensive and inherently uncertain in their outcome As a result, the Company may not generate a return on its investments or recover its costs and it may not be able to generate cash flows or secure adequate financing for its discretionary capital expenditure plans,
- Exploration and development activities are dependent on the availability of equipment, such as drilling rigs and other related equipment, and third party services, and the costs of such equipment and services may increase,
- Exploration and development activities are inherently subject to a number of potential drilling and production risks and hazards which may affect the ability of the Company to produce oil and gas at expected levels, increase operating costs and / or expose the Company and / or its Directors and officers to legal liability, and
- The Company's ability to acquire assets may be materially adversely affected by intense competition in the oil and gas industry

Risks relating to the business of the Company

- The Company's rights to conduct its exploration and development activities are limited in time There is no guarantee or assurance that such rights can be extended,
- The Company's success depends on its ability to explore for, appraise, develop and produce its oil and gas reserves and acquire additional reserves,
- The Company's development plans depend in some cases on access to third party infrastructure which may be physically or commercially difficult to achieve,
- The Company's capital expenditure budget is based on certain assumptions Should capital expenditure requirements be higher than anticipated, the Company's financial condition may be materially adversely affected,
- The Company's operations are conducted through unincorporated joint ventures with other companies The Company may have conflicting interests with and priorities to

its joint venture partners which could lead to project delays or adverse financial consequences,
- The delivery of the Company's long-term plan is heavily dependent on its workforce As the Company expands there is a requirement for the workforce to grow with it, and given the highly competitive nature of the oil and gas employment market, particularly in the technical disciplines, failure to appropriately staff the Company could have an adverse impact on results, and
- The Company is exposed to fluctuations in exchange rates that could have a material adverse effect on its financial condition and results of operations

Regulatory risks relating to the Company's operations
- The Company's business is subject to governmental regulation which may be difficult to comply with and which is subject to change,
- Compliance with and changes in health, safety, environmental and other regulations, standards and expectations could have an adverse effect on the Company's financial condition and results of operations,
- Future legislation may require further reductions of greenhouse gas emissions, gas flaring and in discharges of oil, and
- The Company's tax position could change substantially as a result of changes in, or new interpretation of tax legislation

In mitigation of these risks
- The Company places a strong emphasis on subsurface analysis and employs appropriate personnel to conduct this analysis,
- The Company prioritises HSEC and has adopted and implemented a new HSEC Policy in 2012,
- The Company engages with government and industry organisations, e g the UK Onshore Operators' Group, to keep abreast of changes in the relevant jurisdictions,
- The Company actively manages its FX exposure through natural hedging and considers, when appropriate, entering into derivative transactions, and
- The Company reviews its cash flow requirements on an ongoing basis to ensure that existing lines of equity are sufficient to meet requirements

On behalf of the board

G Davies
Director
08 December 2015

Directors' Report

Financial risk management

The Company's financial risk management policies are in note 11

Events subsequent to the year end

Events subsequent to year end are discussed in note 16

Directors

The directors who held office during the year and up to the date of signing the financial statements are listed on page 18 under Company Information

Dividend

The Directors do not recommend the payment of a dividend (2013 nil)

Going Concern

The financial position of the Company is set out in the financial statements and the notes that follow The Company is still in the exploration phase of its business and has not generated any revenues It is therefore reliant on existing cash resources, the future support from its existing shareholders or its ability to raise funds from other private sources in order to be able to meet its obligations and planned expenditures in the foreseeable future

The Directors have a reasonable expectation that the controlling parties of Celtique Energie Holdings Limited will continue to provide financial support to the Group for the foreseeable future Under the terms of a Subscription Agreement signed on 21 December 2010 and subject to the terms of the Second Subscription Agreement Commitment, ACP Celtique Holdings LLC and Calmar LP have agreed to subscribe for Preference Shares up to an additional $US 40 million As at 31 December 2014, US$ 11 5 million has been drawn under this facility

Pursuant to a Deed of Amendment dated 24 September 2014 among the Parties (Calmar LP, Avista Capital Partners Offshore LP, Avista Capital Partners LP), the Parties extended the Second Funding Expiry Date and made certain amendments to the Subscription Agreement with respect to the Second Funding Calmar had funded a further US$4 million of Second Funding Capital Calls made pursuant to the Subscription Agreement (as amended by the First Deed of Amendment)

Pursuant to a secured bridge facility agreement dated 30 January 2015 among the Company (as borrower) and the Avista Funds and Calmar (as lenders) (the "Bridge Facility") the Company has drawn down the aggregate principal amount of US$2 million The Parties agreed to make certain further amendments to the Subscription Agreement with respect to the Second Funding, to agree certain amendments to the articles of association of the Company, to capitalise the principal amount (together with accrued interest) drawn down under the Bridge Facility, to terminate the Bridge Facility and to release the debenture and any other charges granted in security of the Bridge Facility The Second Funding Maximum Commitments of the Investors in respect of Second Funding Capital Calls made after the date of this Deed was US$12 5 million

In addition to the above, Calmar LP, Avista Capital Partners Offshore LP, Avista Capital Partners LP have agreed to commit, through an Amendment and Restatement Deed, to an additional US$2 million equity commitment before 31 December 2015

pThe directors therefore believe that the Company will have sufficient cash to fund its activities, and to continue to meet its liabilities as they fall due, for at least the twelve months from the date of approval of these financial statements The financial statements have, therefore, been prepared on the going concern basis

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations Company law requires the directors to prepare financial statements for each financial year Under that law the directors have prepared the 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 company and of the profit or loss of the company for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records 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 enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Statement on disclosure of information to auditors

Each of the directors, whose names and functions are listed on the company information page, confirm that

- So far as each Director is aware, there is no information of which the Company's auditors are unaware, and
- Each Director has taken all the steps that he ought to have taken in his duty as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

On behalf of the board

G Davies
Director
08 December 2015

Independent auditors' report to the members of Celtique Energie Weald Limited

Report on the financial statements

Our opinion

In our opinion, Celtique Energie Weald Limited's financial statements (the "financial statements")

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss and cash flows for the year then ended,
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

What we have audited

The financial statements, included within the Annual Report and financial statements (the "Annual Report"), comprise

- the statement of financial position as at 31 December 2014,
- the income statement and statement of comprehensive income for the year then ended,
- the statement of cash flows for the year then ended,
- the statement of changes in equity for the year then ended, and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates In making such estimates, they have made assumptions and considered future events

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit, or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns

We have no exceptions to report arising from this responsibility

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made We have no exceptions to report arising from this responsibility

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, 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 law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)") Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland) 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

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both

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

John Dashwood (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge
8 December 2015

Income statement

for the year ended 31 December 2014

	Note	2014 $	2013 $
Administrative expenses		(4,992)	(17,158)
Administrative expenses - exceptional impairment charge	4(i)	(2,718,706)	-
Total Administrative expenses		(2,723,698)	-
Other operating income	4(ii)	328,916	-
Other operating expense	4(iii)	(390,265)	(348,048)
Operating loss		**(2,785,047)**	(365,206)
Finance income	4(iv)	-	55
Finance costs	4(v)	(12,954)	(2,429)
Loss before income tax		**(2,798,001)**	(367,580)
Income tax expense	5(i)	-	-
Loss after tax for the financial year		**(2,798,001)**	(367,580)

Statement of comprehensive income

for the year ended 31 December 2014

	2014 $	2013 $
Loss for the financial year	**(2,798,001)**	(367,580)
Other comprehensive income / (expense)		
Items that can be subsequently reclassified to profit and loss		
Exchange differences on translating functional currency to presentational currency	12,329	(6,154)
Total comprehensive expense	**(2,785,672)**	(373,734)

Statement of financial position

As at 31 December 2014

	Note	2014 $	2013 $
Non-current assets			
Exploration and evaluation assets	6	**6,426,732**	5,363,294
Property, plant and equipment	7	**380,324**	-
		6,807,056	5,363,294
Current assets			
Trade and other receivables	8	**87,763**	871,005
Cash and cash equivalents	9	**31,904**	151,777
		119,667	1,022,782
Total assets		**6,926,723**	6,386,076
Current liabilities			
Trade and other payables	10	**571,828**	55,345
Accruals	11	**430,973**	107,232
Intercompany loan payable	15	**9,185,799**	6,699,704
		10,188,600	6,862,281
Total liabilities		**10,188,600**	6,862,281
NET LIABILITIES		**(3,261,877)**	(476,205)
Equity			
Share capital	13	**592,542**	592,542
Foreign currency translation reserve		**43,876**	31,547
Accumulated losses		**(3,898,295)**	(1,100,294)
TOTAL EQUITY		**(3,261,877)**	(476,205)

The financial statements of Celtique Energie Weald Limited (07055133) on pages 7 to 17 were approved by the Board of Directors and signed on its behalf by

G Davies
Director
08 December 2015

Statement of changes in equity

for the year ended 31 December 2014

31 December 2014	Share capital $	Foreign currency translation reserve $	Accumulated losses $	Total equity $
At 1 January 2014	**592,542**	**31,547**	**(1,100,294)**	**(476,205)**
Total comprehensive income / (expense)		**12,329**	**(2,798,001)**	**(2,785,672)**
Balance at 31 December 2014	**592,542**	**43,876**	**(3,898,295)**	**(3,261,877)**

31 December 2013	Share capital $	Foreign currency translation reserve $	Accumulated losses $	Total equity $
At 1 January 2013	592,542	37,701	(732,714)	(102,471)
Total comprehensive expense	-	(6,154)	(367,580)	(373,734)
Balance at 31 December 2013	592,542	31,547	(1,100,294)	(476,205)

Statement of cash flows

for the year ended 31 December 2014

	Notes	2014 $	2013 $
Operating activities			
Loss before income tax		(2,798,001)	(367,580)
Adjustments for			
Exploration impairment		554,290	-
Debtor impairment		2,160,024	-
Foreign exchange		(519,570)	(30,506)
Net finance costs		12,954	2,373
Working capital adjustments			
Decrease / (Increase) in trade and other receivables		783,242	(354,173)
Decrease in trade and other payables		(264,881)	(51,649)
Increase in accruals		40,679	73,839
Net cash outflow from operating activities		(31,263)	(727,696)
Investing activities			
Finance income received	4(ii)	-	55
Expenditure on property, plant and equipment		(380,324)	-
Expenditure on evaluation and exploration assets	6	(1,707,557)	(1,105,170)
Net cash outflow from investing activities		(2,087,881)	(1,105,115)
Financing activities			
Finance costs paid	4(iii)	(519)	(495)
Increase in intercompany loan payable		1,999,743	1,632,448
Net cash inflow from financing activities		1,999,224	1,631,953
Decrease in cash and cash equivalents		(119,920)	(200,858)
Net foreign exchange difference on cash		47	53
Cash and cash equivalents at beginning of the year		151,777	352,582
Cash and cash equivalents at the end of the year	9	31,904	151,777

Notes to the financial statements for the year ended 31 December 2014

1 Significant accounting policies

a) Reporting entity

Celtique Energie Weald Limited (the 'Company') is a private company, primarily engaged in exploration for hydrocarbons

The Company is a limited company, incorporated and domiciled in England and Wales The registered office is located at Lion House, Red Lion Street, London, WC1R 4GB

b) Basis of preparation

The financial statements of the Company for the year ended 31 December 2014 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, International Financial Reporting Interpretations Committee (IFRIC) interpretations and the Companies Act 2006 applicable for Companies reporting under IFRS

The financial statements of the Company for the year ended 31 December 2014 have been prepared on a going concern basis The parent company Celtique Energie Holdings Limited has agreed to provide funding as and when necessary for at least 12 months from the date of approval, of those financial statements The directors' assessment of going concern concludes that the use of the going concern basis is appropriate because there are no material uncertainties that may cast significant doubt about the ability of the Group to continue as a going concern

The accounting policies adopted are consistent with those applied in the financial statements for the period ended 31 December 2013, other than those disclosed in note 1(l)

c) Basis of measurement

The financial statements have been prepared under the historical cost convention

d) Presentation and functional currencies

The financial statements are presented in United States Dollars ($), which is the presentation currency of the Company's ultimate parent company All values are rounded to the nearest dollar, except where otherwise states

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the Company operates The Company has assessed the functional currency to be Pound Sterling (£)

e) Foreign currency translation

Transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency spot rate ruling at the date of the transaction for each entity Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date

f) Exploration and evaluation assets

All licence acquisition, exploration and appraisal costs incurred are initially capitalised as intangible assets, in respect of each identifiable project area Such intangible costs include directly attributable overhead, including the depreciation of property plant and equipment utilised in E&E activities, together with the cost of other materials consumed during the exploration and evaluation phase These costs, which are classified as intangible fixed assets, are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where the activities in the area have not reached a stage which permits reasonable assessment of the existence of economically recoverable reserves (the "successful efforts" basis) Pre-licence project costs are expensed immediately Other costs are written off unless commercial reserves have been established or the determination process has not been completed Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made

When production commences the accumulated costs for the relevant area of interest are transferred from intangible assets to tangible assets and depreciated by reference to the estimated quantity of reserves at the end of the period plus production during the year

g) Impairment of assets

Exploration and evaluation assets

Exploration and evaluation assets are assessed for indicators of impairment in accordance with the Company's accounting policy under IFRS 6 Exploration and evaluation assets are only assessed for impairment where the facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount Indications that the carrying amount of the asset may exceed its recoverable amount include

- Substantive expenditure on further exploration and evaluation activities on the asset or group of assets is neither budgeted nor planned,
- The entity has decided to discontinue activities on the asset or group of assets as a result of failing to find commercially viable quantities of hydrocarbons, and
- The entity has sufficient data indicating that the carrying amount of the asset or group of assets is unlikely to be recovered in full from successful development or by sale

Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset, that can be reliably measured

Impairment reversals

Impairments recognised to assets other than goodwill may be reversed if the circumstances leading to the impairment no longer exist or have decreased, by increasing the carrying value of the asset to its recoverable amount This may not exceed the carrying value that would have been determined, net of depreciation, had no impairment loss previously been recognised Impairments to goodwill cannot be reversed in accordance with IAS 36

h) Interests in joint ventures

The Company's interests in jointly controlled assets are accounted for by recognising its proportionate share in assets and liabilities from joint ventures, except where as operator Celtique takes on the role as independent contractor In these instances, receivables and payables relating to jointly controlled operations are brought to account on a gross basis Joint venture expenses and the Company's entitlement to production are recognised on a pro rata basis according to the Company's joint venture interest

i) Investments

Investments are initially measured at cost and carried net of any provisions for impairment

j) Financial instruments

Loans and other receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted on an active market are classified as loans and receivables

Loans and receivables are initially measured at fair value less directly attributable transactions costs After initial recognition, they are subsequently measured at amortised cost using the effective interest rate method less any impairment

Trade and other receivables are recognised when invoiced

Bank deposits

Bank deposits with an original maturity of over three months are held as a separate category of current asset and presented on the face of the statement of financial position

Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and on hand, restricted cash holdings (cash held in joint venture) and short-term deposits with an original maturity of three months or less

For the purposes of the Company statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts

Trade payables and other non-derivative financial liabilities

Trade payables and other creditors are non-interest bearing and are measured at cost

k) Taxation

The tax expense represents the sum of current and deferred income tax

Current income tax

Current tax is provided at amounts expected to be paid (or recovered) using tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date, in the country in which the Company operates

Deferred income tax

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements

Deferred tax liabilities are not recognised if a temporary difference arises on 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 or loss

A deferred tax asset is recognised to the extent that it is probable that future income tax profit will be available against which the temporary differences can be utilised

Deferred tax is provided on temporary differences arising on investments in subsidiaries, jointly controlled entities and associates, except where the timing of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets and liabilities are measured based on tax rates (and tax laws) enacted or substantively enacted at the statement of financial position date Deferred tax relating to items recognised directly in equity is recognised in equity and not the income statement Deferred tax liabilities may be offset against deferred tax assets within the same tax entity and tax jurisdiction Measurement of deferred tax liabilities and assets reflect the tax consequences expected to arise from the manner in which the asset or liability is recovered or settled

l) Changes in accounting policy and disclosures

All accounting policies adopted are consistent with those of the previous financial year except for the new and amended IFRS and IFRS IC interpretations

- IFRS 10 'Consolidated Financial Statements
- IFRS 11 'Joint Arrangements'
- IFRS 12 'Disclosure of Interest in Other Entities'
- IAS 27 'Separate Financial Statements'
- IAS 28 (Revised) 'Investments in Associates and Joint Ventures'
- Transition Guidance (Amendments to IFRS10, IFRS11 and IFRS 12)
- Amendments to IAS 32, 'Financial instruments Presentation' – 'Offsetting Financial Assets and Financial Liabilities'
- Amendments to IAS 36, 'Impairment of assets' on recoverable amount disclosures

The adoption of the above revised standards has had no effect on the reported financial results or the disclosures in these financial statements, but may impact the accounting for future transactions and arrangements

m) New Standards and interpretations not yet adopted

Standards issued and relevant to the Company, but not yet effective up to the date of issuance of the Company's financial statements are listed below This listing is of Standards and Interpretations issued, which the Company reasonably expects to be applicable at a future date The Company intends to adopt these Standards when they become effective

The directors do not anticipate that the adoption of these Standards will have a material impact on the Company's financial statements in the period of initial application, being effective 1 January 2016

- IAS 16 'Property, Plant and Equipment' (Amendments)
- IAS 27 'Separate Financial Statements' (Amendments)
- IAS 28 'Investments in Associates and Joint Ventures' (Revised)
- IAS 38 'Intangible Assets' (Amendments)
- IFRS 10 'Consolidated Financial Statements' (Amendments)
- IFRS 11 'Joint Arrangements' (Amendments)
- IFRS 14 'Regulatory Deferral Accounts'

2 Critical accounting estimates, assumptions and judgements

a) Critical accounting estimates and assumptions

- Impairment

Impairment of assets is assessed in accordance with note 1(g) For oil and gas assets, the recoverable amount is calculated using valuation techniques and inputs of various estimates including the expected future cash flows based on reserves, future production profiles, commodity prices, exchange rates, discount rates and inflation rates

b) Critical judgements in applying the Company's accounting policies

- Exploration and evaluation

The Company accounts for exploration and evaluation assets in accordance with the policy set out in note 1(f) In applying this policy, management are required to make certain judgements in relation to the assessment of whether reserves are commercially viable Where costs have been capitalised and are subsequently considered unsuccessful, the capitalised amounts are written off to the income statement

3 Segmental reporting

Management have considered the requirements of IFRS 8 in regard to the determination of operating segments Based on this analysis Management have determined that the Company is outside the scope of IFRS 8, and therefore no segmental reporting is provided

4 Other income / expenses

i Administrative expenses – exceptional impairment charge

	2014 $	2013 $
Licence impairment	554,290	-
Debtor impairment	2,164,416	-
Total exceptional items	**2,718,706**	-

Management along with joint venture partners Magellan Petroleum (UK) Limited made the decision to formally relinquish exploration licence PEDL 232 in May 2014

Following the outcome of the court case in June 2015, Management have impaired the full amount due from joint venture partners Magellan Petroleum (UK) Limited, across the three remaining licences The amounts are largely attributable to the development of the well site located at Broadford Bridge (PEDL 234) which commenced mid September 2014 Discussions with Magellan are ongoing

ii Other operating income

	2014 $	2013 $
Management fees	328,916	-
Total other operating Income	**328,916**	-

iii Other operating expense

	2014 $	2013 $
Management fees	390,265	348,048
Total other operating expenses	**390,264**	348,048

iv Finance Income

	2014 $	2013 $
Interest income	-	55
Total finance income	-	55

v Finance costs

	2014 $	2013 $
Bank Interest	519	495
Foreign exchange expense	12,435	1,934
Total finance costs	**12,954**	2,429

vi Auditors' remuneration

	2014 $	2013 $
Fees payable for the audit of the Company's statutory financial statements	19,977	16,157
Total fees payable to auditor	**19,977**	16,157

vii Staff costs and Directors' emoluments

The Company had no employees during the year (2013 nil) The Directors did not receive any remuneration in respect of their services to the Company (2013 $nil)

5 Income tax expense

i Income statement

There was no income tax charge for the years ended 31 December 2014 and 31 December 2013

ii Statement of comprehensive income

There were no tax items charged or credited directly within equity for the years ended 31 December 2014 and 31 December 2013

iii Reconciliation of loss before income tax to tax expense recorded in the income statement

A reconciliation between tax expense and the product of loss before income tax multiplied by the UK standard income tax rate for the year ended 31 December 2014 is as follows

	2014 $	2013 $
Loss before income tax	**(2,798,001)**	(367,580)
Loss multiplied by the UK standard corporation tax rate of 21 5% (2013 23 25%)	**(601,290)**	(85,462)
Effect of		
UK expenses not deductible for tax purposes	**461,844**	323
Temporary differences not recognised / profits not taxable	**139,446**	85,139
Income tax expense / benefit reported in the income statement	-	-

The standard rate of Corporation Tax in the UK changed from 23% to 21% with effect from 1st April 2014

Total tax allowances available to claim in future periods in respect of revenue trading expenditure (to the extent that the company commences a trade within seven years from the time the expenditure was incurred) are $71,878 (2013 $78,255) and in respect of capital expenditure are $8,138 794 (2013 $6,407,304) No deferred tax asset has been set up in respect of this amount because at this point in the Company's development it is not certain that future taxable profits will be available against which the company can utilise these expenditures

6 Exploration and evaluation assets

	2014 $	2013 $
Net carrying amount at start of the year	**5,363,294**	4,138,201
Additions	**1,990,620**	1,065,502
Impairment	**(554,290)**	-
Translation difference	**(372,892)**	159,591
Carrying amount at end of the year	**6,426,732**	5,363,294

In May 2014, Management along with joint venture partners Magellan Petroleum (UK) Limited made the decision to formally relinquish exploration licence PEDL 232 In the light of this decision the accumulated capitalised exploration costs for this permit was written off during the period

The amounts for intangible exploration and evaluation assets represent active exploration projects These amounts will be written off to the income statement as exploration costs unless commercial reserves are established or the determination process is not completed and there are no indications of impairment The outcome of ongoing exploration, and therefore whether the carrying value of exploration and evaluation assets will ultimately be recovered, is inherently uncertain

The Company has joint venture interests as set out in the table below

Area	Licence	Equity Interest 31 December 2014	Equity Interest 31 December 2013
Central Weald	PEDL 231	50%	50%
Southern Weald	PEDL 232	-	50%
Central Weald	PEDL 234	50%	50%
Central Weald	PEDL 243	50%	50%

All the above licences are held equally by Celtique Energie Weald Limited and its joint venture investment partner, Magellan Petroleum (UK) Limited These licences were awarded on 1 July 2008 and expire on 1 July 2016 Celtique Energie Weald Limited acts as the operator on these licences

7 Property, plant and equipment

Drilling equipment	2014 $	2013 $
Additions	**380,324**	-
Carrying amount at the end of the year	**380,324**	-

Drilling stock purchased during the period has been held as property, plant and equipment at 31 December 2014, and is intended for the drilling campaign on licence PEDL 234

8 Trade and other receivables

	2014 $	2013 $
Joint venture receivables	**87,763**	871,005
	87,763	871,005

All trade and other receivables at 31 December 2014 (2013 $nil) are not past due or impaired, and are considered to be fully recoverable No collateral is held as security for any of the receivables

9 Cash and cash equivalents

	2014 $	2013 $
Cash at bank and in hand	**808**	2,448
Cash held in joint venture accounts	**31,096**	149,329
	31,904	151,777

Cash held in joint venture accounts represents the Company's share of joint venture cash balances Cash balances held in joint venture accounts may only be used in relation to joint venture activities and are subject to the terms set out in the relevant joint operating agreements

10 Trade and other payables

	2014 $	2013 $
Trade payables	**571,828**	55,345
	571,828	55,345

Trade payables are non-interest bearing and normally settled on 25 to 35 day terms

11 Accruals

	2014 $	2013 $
Accruals	430,973	107,232
	430,973	107,232

12 Financial instruments

a) Classification of financial instruments and financial management

The Company's principal financial liabilities comprise trade and other payables, accruals and intercompany loans payable All financial liabilities at the year end are held at amortised cost

The Company has various financial assets such as trade and other receivables and cash and cash equivalents All financial assets at the year end are classified as loans and receivables

The main risks that could adversely affect the Company's financial assets, liabilities or future cash flows are credit risk, foreign currency risk, interest rate risk, and liquidity risk The Company has not entered into any derivative financial instruments to hedge exposures to exchange rates Management policies for managing each of these risks are described in notes 12(c) to 12(f)

b) Fair value of financial assets and liabilities

Set out in the table below are the financial instruments recorded in the statement of financial position, providing a comparison by category of carrying amounts and their fair values

	2014		2013	
	Carrying Amount $	Fair Value $	Carrying Amount $	Fair Value $
Financial assets				
Trade and other receivables	87,763	87,763	871,005	871,005
Cash and cash equivalents	31,904	31,904	151,777	151,777
Financial liabilities				
Trade and other payables	571,828	571,828	55,345	55,345
Accruals	430,973	430,973	107,232	107,232
Intercompany loans payable	9,185,799	9,185,799	6,699,704	6,699,704

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale The following methods and assumptions were used to estimate the fair values

- Cash and cash equivalents, trade and other receivables and trade and other payables approximate their carrying values largely due to the short-term maturities of these instruments

c) Credit risk

Credit risk represents the loss that would be recognised if the counterparties to financial instruments fail to perform as contracted The Company's maximum exposure to credit risk is limited to the carrying value of financial assets as disclosed in note 12(b)

The Company receives cash from its joint venture partners, from time to time, arising from recharges to the joint ventures Credit risk associated with this relationship is managed within the framework of the Joint Operating Agreements by generally spending on projects when the funds are already in place

The Company may have significant cash balances arising from cash calls Cash is maintained on deposit with HSBC Bank plc The Group has policies in place to ensure that cash is only deposited with approved banks

d) Currency exposure

Foreign currency risk includes cash and cash equivalents, trade and other receivables, trade and other payables and intercompany loans The following discussion also includes a sensitivity analysis that is intended to illustrate the sensitivity to changes in market variables on the Company's financial instruments and show the impact on profit or loss and shareholders' equity, where applicable

(i) Exposure to currency risk

The Company operates in the UK and incurs the majority of costs in GBP The company is also funded in GBP As a result, the Company is not typically exposed to prolonged periods of exchange rate volatility that may adversely affect the Company's results or financial position To mitigate any potential risk the Company actively monitors movements in appropriate foreign exchange rates and hedges known currency exposures

The Company has transactional currency exposure Exposure arises with purchases in currencies other than the functional currency The Company manages this risk by matching receipts and payments in the same currency (where possible) and monitoring the movements in exchange rates The Company's exposure to foreign currency was negligible at 31 December 2014 and 31 December 2013, as the majority of year end balances were held in the functional currency, being GBP

e) Interest rate risk management

Financial instruments exposed to interest rate risk include cash and cash equivalents

The following table demonstrates the Company's exposure to interest rate risk and sensitivity analysis to a reasonably possible change of 100 basis points in interest rates, (with all other variables held constant) on balances of which interest is charged

31 December 2014	Floating interest rate $	Total $	Sensitivity Analysis Income Statement 100 Bp* increase $	Income Statement 100 Bp* decrease $	Equity 100 Bp* increase $	Equity 100 Bp* decrease $
Cash and cash equivalents	31,904	31,904	319	(319)	319	(319)
	31,904	31,904	319	(319)	319	(319)

31 December 2013	Floating interest rate $	Total $	Sensitivity Analysis Income Statement 100 Bp* increase $	Income Statement 100 Bp* decrease $	Equity 100 Bp* increase $	Equity 100 Bp* decrease $
Cash and cash equivalents	151,777	151,777	1,518	(1,518)	1,518	(1,518)
	151,777	151,777	1,518	(1,518)	1,518	(1,518)

* Basis points

f) Liquidity risk management

The Company currently relies on intercompany loans from its ultimate parent (Celtique Energie Holdings Limited) to manage its funding requirements Liquidity risk is managed by ensuring capital calls in the parent company are issued well in advance to meet payment of expenses as they arise

Intercompany loans are not expected to be repaid in the immediate future Terms and conditions for transactions with subsidiaries are the same as with external parties, with the exception that balances are placed on intercompany accounts with no specified credit period

The following are the contractual maturities of financial liabilities, including estimated interest payments

31 December 2014	Carrying Amount $	Contractual cash flows $	6 months or less $	6-12 months $	1-2 years $	2-5 years $	More than 5 years $
Non-derivative financial liabilities							
Trade and other payables	571,828	571,828	571,828	-	-	-	-
Accruals	430,973	430,973	430,973	-	-	-	-
	1,002,801	1,002,801	1,002,801	-	-	-	-

31 December 2013	Carrying Amount $	Contractual cash flows $	6 months or less $	6-12 months $	1-2 years $	2-5 years $	More than 5 years $
Non-derivative financial liabilities							
Trade and other payables	55,345	55,345	55,345	-	-	-	-
Accruals	107,232	107,232	107,232	-	-	-	-
	162,577	162,577	162,577	-	-	-	-

g) Commodity risk management

The Company is not exposed to commodity risk as there is no production, and where appropriate operational insurances are put in place

13 Share capital

	2014 Number of shares	2014 $	2013 Number of shares	2013 $
Ordinary shares (£1 each)				
Authorised	400,000		400,000	
Allotted, called up and paid-up	400,000	592,542	400,000	592,542

14 Capital management

The Company is reliant on the ultimate parent company, Celtique Energie Holdings Limited, for capital in order to undertake its principal activity

The primary objective of the Group's capital management is to ensure financial stability, manage financial risks and secure the Group's short-term and long-term need of capital The Group defines its capital as equity, comprising share capital and reserves The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions To maintain or adjust the capital structure, the Group calls on cash from its investors

The Group manages its short-term capital requirements through the presentation of its monthly management accounts and quarterly forecasts, making capital structure adjustments as considered necessary Management of the medium to long-term capital requirements of the Group is monitored by the Board by way of the Annual Budget and 5 year plan

15 Related party disclosures

a) Related party transactions

During the year ended 31 December 2014, the Company entered into transactions, in the ordinary course of business, with related parties Transactions entered into, and trading balances outstanding with related parties, are as follows

31 December 2014	Sales to $	Purchases from $	Financing Received $	Amounts owed by $	Amounts owed to $
Celtique Energie Holdings Limited	-	401,881	2,687,530	-	4,401,880
Celtique Energie Ltd	17,067	5,031	70,493	-	54,010
Celtique Energie Petroleum Ltd	-	-	96,354	-	4,729,909
	17,067	406,912	2,854,377	-	9,185,799

31 December 2013	Sales to $	Purchases from $	Financing Received $	Amounts owed by $	Amounts owed to $
Celtique Energie Holdings Limited	-	385,076	344,289	-	1,890,989
Celtique Energie Petroleum Ltd	-	-	253,981	-	4,808,715
	-	385,076	598,270	-	6,699,704

b) Parent and controlling party

The Company's parent company through controlling interest at 31 December 2014 was Celtique Energie Holdings Limited which owned 100% of Celtique Energie Petroleum Ltd (CPL), with CPL owning 100% of the shares in the Company All entities are registered in England Copies of the ultimate parent's consolidated financial statements can be obtained from the Company's registered office

c) Entity with significant influence over the Company

The immediate parent company is Celtique Energie Petroleum Ltd, a company incorporated in England and Wales

d) Terms and conditions of transactions with related parties

Sales and purchases of goods and services between related parties are made at normal market prices and on terms equivalent to those that prevail in arm's length transactions Outstanding balances with related parties other than subsidiaries are unsecured, interest free and cash settlement is expected within 30 days of invoice Terms and conditions for transactions with subsidiaries are the same, with the exception that balances are placed on intercompany accounts with no specified credit period Intercompany loans are unsecured, interest free and have no fixed terms of repayment

e) Transactions with directors

Key management comprises the Directors only The details of the Directors compensation is included in note 4

No director had, during or at the end of the year, a material interest in any contract which was significant in relation to the Company's business

16 Commitments, contingencies and guarantees

Capital and other commitments

At 31 December 2014, the Company was not party to any gross capital and other commitments (2013 nil)

17 Events subsequent to the year end

At 31 December 2014, joint venture partners Magellan Petroleum (UK) Limited were in default of the Joint Operating Agreements, having not paid cash calls issued by CWL as operator of the joint venture Default notices were issued for PEDL 231, PEDL 234 and PEDL 243 The court case has take place in 2015 H1 Discussions with Magellan are ongoing following a summary decision in their favour

In January 2015, following planning refusals for exploratory drilling in PEDL 234 (Wisborough Green) and PEDL 231 (Fernhurst) it was decided by Management not to pursue the appeals

Glossary of terms

£	Pound Sterling
$	United States Dollar
EUR	Euro
AGM	Annual General Meeting
Board	The Board of Directors of the Company
Group	The Group refers to the Celtique Energie Holdings Group
IAS	International Accounting Standard
IFRS	International Financial Reporting Standard(s)
Companies Act	The Companies Act 2006 (as amended)
The Company	Celtique Energie Weald Limited

Company information

Company Registration No 07055133

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were

G Davies
P Coulson (resigned 1 January 2015)
J Hogan (appointed 1 January 2015)

Secretary

P Coulson (resigned 1 January 2015)
G Davies (appointed 1 January 2015)

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