# Xplorer Plc

## Final Results for the period 12 March 2012 to 31 March 2013

### Chairman's Statement

I am pleased to present the first Annual Report of the company to the shareholders. Xplorer plc was incorporated on 12th March 2012 and the directors have worked with the company advisors on obtaining a Standard Listing on the London Stock Exchange.

The company was successfully listed on 11 July 2013 following the placing of 6,250,000 ordinary shares at 16p each which raised £1m gross from institutional and professional investors.

Xplorer plc was formed for the purpose of acquiring an undervalued company, business or asset that has operations in the oil and gas sector and following the placing and listing that is now the focus of the board of directors.  The board of directors are supported by Sprint Capital, a Hong Kong based private equity fund, and their founders Chris McAuliffe and Jacqueline Lim, who are also directors of Xplorer PLC. They collectively, provide us with the know-how to deliver substantial value to our shareholders in the coming year.

To date, we are reviewing 21 projects, which we are now narrowing down to 3 where we believe Xplorer's shareholders could benefit from substantial upside.

Further information will be released as soon as is practicable.

**John Davies**
**Non-Executive Chairman**

**31st July 2013**


**Enquiries:**

| | |
|---|---|
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| | |
| Jeremy King | |

## Statement of Comprehensive Income

for the period from 12 March 2012 to 31 March 2013

| | Note | Period ended 31 March 2013 £ |
|---|---|---|
| **Continuing operations** | | |
| Revenue | | - |
| Administrative expenses | 3 | (90,483) |
| **Operating loss** | | **(90,483)** |
| **Loss before taxation** | | **(90,483)** |
| **Taxation** | 4 | - |
| **Loss for the period** | | **(90,483)** |
| Other comprehensive loss for the period | | - |
| **Total comprehensive loss for the period attributable to the equity owners** | | **(90,483)** |
| **Earnings/(loss) per share** | | |
| Basic and diluted (£ per share) | 5 | **(0.07)** |

The notes to the financial statements form an integral part of these financial statements

## Statement of Financial Position

as at 31 March 2013

| | Note | As at 31 March 2013 £ |
|---|---|---|
| **Assets** | | |
| *Current assets* | | |
| Trade and other receivables | 6 | 210,030 |
| Cash and cash equivalents | 7 | 100 |
| **Total assets** | | **210,130** |
| **Equity and liabilities** | | |
| *Capital and reserves* | | |
| Called up share capital | 8 | 75,002 |
| Retained earnings | | (90,483) |
| **Total equity** | | **(15,481)** |
| **Liabilities** | | |
| *Current liabilities* | | |
| Trade and other payables | 9 | 52,598 |
| Convertible loan notes | 9 | 100,000 |
| Cash and cash equivalents | 7 | 73,013 |
| **Total liabilities** | | **225,611** |
| **Total equity and liabilities** | | **210,130** |

## Statement of Changes in Equity
for the period from 12 March 2012 to 31 March 2013

| | Called up share capital £ | Retained earnings £ | Total £ |
|---|---|---|---|
| **On incorporation** | 2 | - | 2 |
| **Comprehensive income for the period** | - | - | - |
| Loss | - | (90,483) | (90,483) |
| **Total comprehensive income for the period** | - | (90,483) | (90,483) |
| **Contributions by and distributions to owners** | | | |
| Issue of share capital | 75,000 | - | 75,000 |
| **31 March 2013** | 75,002 | (90,483) | (15,481) |

Share capital comprises the ordinary and deferred issued share capital of the Company.

Retained earnings represent the aggregate retained earnings of the Company.

The notes to the financial statements form an integral part of these financial statements

## Statement of Cash Flows

for the period from 12 March 2012 to 31 March 2013

| | Note | Period ended 31 March 2013 £ |
|---|---|---|
| **Cash flow from operating activities** | | |
| Operating loss | | (88,437) |
| Interest paid | | (1,101) |
| Finance costs paid | | (945) |
| **Changes in working capital** | | |
| Increase in Trade and other receivables | | (210,030) |
| Increase in Trade and other payables | | 52,598 |
| **Net cash used in operating activities** | | **(247,915)** |
| **Cash flows from financing activities** | | |
| Share issue | | 75,002 |
| Convertible loan notes | | 100,000 |
| **Net cash generated from financing activities** | | **175,002** |
| **(Decrease) in cash and cash equivalents** | | **(72,913)** |
| **Cash and cash equivalents at beginning of period** | | **-** |
| **Cash and cash equivalents at end of period** | **7** | **(72,913)** |

The notes to the financial statements form an integral part of these financial statements

## Notes to the Financial Information

### 1. General Information

The Company was incorporated in England and Wales on 12 March 2012 as a public limited company. The Company did not trade during the financial period ended 31 March 2013, however certain fees in relation to listing on the Main Market of the London Stock Exchange were incurred.

The Company's registered office is located at 24 Hanover Square, London, W1S 1JD.

### 2. Summary of Significant Accounting Policies

The Board has reviewed the accounting policies set out below and considers them to be the most appropriate to the Company's business activities.

#### a) Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use by the European Union, and effective, or issued and early adopted, as at the date of these statements. The financial statements have been prepared under the historical cost convention as modified for financial assets carried at fair value.

As at the date of approval of these financial statements, the following standards and interpretations, were in issue but not yet effective:

- IAS 27 (revised) 'Separate Financial Statements'
- IAS 28 (revised) 'Investments in Associates and Joint Ventures'
- IFRS 7 and IAS 32 'Offsetting financial assets and financial liabilities'
- IFRS 7 Financial Instruments: Disclosures (amendment)
- IFRS 9 'Financial Instruments'
- IFRS 10 'Consolidated Financial Statements'
- IFRS 11 'Joint Arrangements'
- IFRS 12 'Disclosures in Other Entities'
- IFRS 13 'Fair Value Measurements'
- Amendment to IFRS 1 – Government Loans
- Amendment to IAS12 - Income Taxes
- Amendment to IAS 1 – Presentation of Financial Statements
- Amendment to IAS 19 – Employee Benefits
- IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine
- Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)

Numerous other minor amendments to standards have been made as a result of the IASB's annual improvement project.

The directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Financial Statement in the year of initial application.

#### b) Significant accounting judgements, estimates and assumptions

Management have considered the significant accounting judgements, estimates and assumptions used within the non-statutory financial statements and do not consider there to be any which would materially affect the financial statements.

## c) Financial Instruments

Financial assets and liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. The Company currently does not use derivative financial instruments to manage or hedge financial exposures or liabilities.

## d) Trade and Other Receivables and Payables

Trade and other receivables and trade and other payables are initially recognised at fair value. Fair value is considered to be the original invoice amount, discounted where material, for short-term receivables and payables. Long term receivables and payables are measured at amortised cost using the effective interest rate method. Where receivables are denominated in a foreign currency, retranslation is made in accordance with the foreign currency accounting policy previously stated.

## e) De-recognition and Impairment of Financial Assets and Liabilities

### i. Financial Assets

A financial asset is derecognised where:

- the right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a pass-through arrangement; or
- the Company has transferred the rights to receive cash flows from the asset, and either has transferred substantially all the risks and rewards of the asset or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

### ii. Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

## f) Reserves

Retained earnings represent the cumulative retained losses of the company at the reporting date.

## g) Taxation

### Current Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and the tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

### Deferred Tax

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investment in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the statement of financial position date.

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes related to the same taxation authority and that authority permits the Company to make a single net payment.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the statement of comprehensive income.

## h) Segmental Reporting

For the purpose of IFRS8 the chief operating decision maker ("CODM") takes the form of the Directors. The Directors are of the opinion that the business comprises of a single economic activity, being the acquisition of businesses or assets in the Natural Resource sector and the currently this activity is undertaken solely in the United Kingdom. All of the income and non-current assets are derived from the United Kingdom. No single customer accounts for more than 10% of income. At meetings of the Directors, income, expenditure, cash flows, assets and liabilities are reviewed on a whole Company basis. Based on the above considerations there is considered to be one reportable segment only namely the acquisition of businesses or asset in the Natural Resources Sector.

Therefore the financial information of the single segment to the same as that set out in the company statement of comprehensive income, company statement of financial position, the company statement of changes to equity and the company statement of cashflows.

### i) Financial Risk Management Objectives and Policies

The Company does not enter into any forward exchange rate contracts.

The main financial risks arising from the Company's activities are cash flow interest rate risk, liquidity risk, price risk (fair value) and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised as:

***Cash Flow Interest Rate Risk*** – the Company's exposure to the risk of changes in market interest rates relates primarily to the Company's overdraft accounts with major banking institutions.

The Company's policy is to manage its interest income, when received, using a mixture of fixed and floating rate deposit accounts.

***Liquidity Risk*** – the Company raises funds as required on the basis of budgeted expenditure and inflows. When funds are sought, the Company balances the costs and benefits of equity and debt financing. When funds are received they are deposited with banks of high standing in order to obtain market interest rates.

***Price Risk*** – the carrying amount of the following financial assets and liabilities approximate to their fair value due to their short term nature: cash accounts, accounts receivable and accounts payable.

***Credit Risk*** – with respect to credit risk arising from other financial assets of the Company, which comprise cash and time deposits and accounts receivable, the Company's exposure to credit risk arises from default of the counterparty, with a minimum exposure equal to the carrying amount of these instruments. The credit risk on cash is limited as cash is placed with substantial financial institutions.

### j) Borrowings

Borrowings are recorded in accordance with IAS 32, which requires the separate recognition of the equity and debt portions of any convertible loans.

### k) Events After the End of the Reporting Period

Post year-end events that provide additional information about the Company's position at the statement of financial position date and are adjusting events are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes when material.

### l) Equity

Equity instruments issued by the Company are recorded net at proceeds after direct issue costs.

### m) Going Concern

The Company's business activities and financial position, together with the factors likely to affect its future development, performance and position are set out in the front end of the financial statements.

The Directors have carried out a detailed assessment of going concern as part of the financial reporting process, taking into consideration a number of matters including the recent listing Placing announced on 11 July 2013 and disclosed in note 20, forecast cash flows, medium and long term business plans and expectations.

On the basis of this assessment, the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

## 3. Loss before income tax

The loss before income tax is stated after charging:

| | Period ended 31 March 2013 £ |
|---|---|
| Interest expenses | 1,101 |
| Bank charges | 945 |
| Audit of the company | 17,500 |

## 4. Income tax

### Analysis of charge in the period

| | Period ended 31 March 2013 £ |
|---|---|
| Current tax: | |
| UK corporation tax on loss for the period | - |
| Deferred tax | - |
| Tax on loss on ordinary activities | - |

| | Period ended 31 March 2013 £ |
|---|---|
| Loss on ordinary activities before tax | (90,483) |

**Analysis of charge in the period**

| | £ |
|---|---|
| Loss on ordinary activated multiplied by small companies rate of corporation tax in the UK of 20% | - |
| Effects of: | |
| Loss carried forward | 90,483 |
| Current tax charge for the period as above | - |

The Company has tax losses arising in the UK of approximately £90,483 that are available, under current legislation, to be carried forward against future profits.

## 5. Loss per share

The calculation of loss per share is based on the following loss and number of shares:

| | Period ended 31 March 2013 £ |
|---|---|
| Loss for the period from continuing operations | (90,483) |
| | |
| Weighted average shares in issue: | |
| Basic | 1,253,857 |
| Diluted | 1,253,857 |
| | |
| Loss per share | |
| | |
| Basic | (0.07) |
| Diluted | (0.07) |

Basic loss per share is calculated by dividing the loss for the period from continuing operations of the company by the weighted average number of ordinary shares in issue during the year.

## 6. Trade and other receivables

| | Period ended 31 March 2013 £ |
|---|---|
| VAT debtor | 10,600 |
| Unpaid share capital | 56,000 |
| Prepayments | 143,430 |
| | **210,030** |

There are no material differences between the fair value of trade and other receivables and their carrying value at the year end.

No receivables were past due or impaired at the period end

## 7. Cash and cash equivalents

| | Period ended 31 March 2013 £ |
|---|---|
| Bank accounts | 100 |
| Bank overdraft | (73,013) |
| | **(72,913)** |

## 8. Called up share capital

The Company was incorporated on 12 March 2012. On incorporation, the Company issued two Ordinary Shares of £1.00 each at par value.

On 26 November 2012, 75,000 Ordinary Shares of £1 each were issued.

On 26 November 2012 the 75,000 ordinary shares were each subdivided and reclassified into 3,750,100 ordinary shares of £0.001 each and 75,002 deferred shares of £0.95 each.

The ordinary shares have attached to them full voting, dividend and capital distribution rights (including on a winding up). The ordinary shares do not confer any rights of redemption.

The deferred shares have attached to them no rights to dividends until the holders of the ordinary shares have received £100,000,000 for each ordinary share held by them. The right to partake in a capital distribution (including on a winding up) once the holders of the ordinary shares have received the sum of £1,000,000 per ordinary share. No right to attend or vote at a general meeting of the company.

Shares issued during the period

| | Number of Shares | Share Capital<br>£ |
|---|---:|---:|
| Ordinary Shares of £1 | | |
| On 12 March 2012 | 2 | 2 |
| On 26 November 2012 | 75,000 | 75,000 |
| | 75,002 | 75,002 |
| | | |
| Converted 26 November 2012 | | |
| Deferred Shares of £0.95 | 75,002 | 71,252 |
| Ordinary Shares of £0.001 | 3,750,100 | 3,750 |
| | | 75,002 |

At 31 March 2013 there was £56,000 of unpaid share capital owed to the Company. John Roddison owed £28,000 and Christopher McAuliffe and Jacqueline Lim owed £28,000. They are all directors of the Company and these amounts have been collected post year end.

## 9. Trade and other payables

| | **Period ended<br>31 March 2013** |
|---|---:|
| Current: | **£** |
| Amounts owed to related parties | 35,098 |
| Convertible loan notes | 100,000 |
| Accruals | 17,500 |
| | **152,598** |

On 11 July 2013, the convertible loan notes were converted into 1,250,000 ordinary shares of £0.001 each at a price of £0.08 each.

## 10. Related party disclosures

Non-executive Director John Roddison is also a director of Brown McLeod Limited which has provided consulting services to the Company. The total fees charged for the period amounted to £16,000, all of which was for non-executive Director fees.

Non-executive Director Christopher McAuliffe is also a director of Sprint Capital Management Limited which has provided consulting services to the Company. The total fees charged for the period amounted to £16,000, all of which was for non-executive Director fees.

Non-executive Director Jacqueline Lim is also a director of Sprint Capital Management Limited which has provided consulting services to the Company. The total fees charged for the period amounted to £16,000, all of which was for non-executive Director fees.

At the period end the following amounts were due to related parties:

£12,599 was due to director John Roddison at the period end in relation to various fees incurred on behalf of Xplorer Plc.

£22,499 was due to Sprint Capital Management Limited for unpaid director's fees. Xplorer Plc directors Jacqueline Lim and Christopher McAuliffe are also directors of Sprint Capital Management Limited.

## 11. Directors emoluments

Details concerning Directors remuneration can be found below. The Directors are considered to be the key management.

| **Name of Director** | **Short term employee benefits** | **Post employment benefits** | **Other long term benefits** | **Termination benefits** | **Other** | **Total** |
|---|---|---|---|---|---|---|
| John Roddison** | **16,000** | **-** | **-** | **-** | **-** | **16,000** |
| Christopher McAuliffe* | **16,000** | **-** | **-** | **-** | **-** | **16,000** |
| Jacqueline Lim* | **16,000** | **-** | **-** | **-** | **-** | **16,000** |
| **Total** | | | | | | **48,000** |

Further information concerning Directors remuneration can be found in the unaudited Directors Remuneration report.

## 12. Financial instruments

All of the Company's financial assets are classified at fair value through profit or loss. As at 31 March 2013, the Company's financial assets comprised £210,130 of cash and trade and other receivables.

The Company's principal financial instruments comprise cash balances, accounts payable and accounts receivable arising in the normal course of its operations.

The financial instruments of the Company at year-end are:

| | 31 March 2013<br>£ |
|---|---|
| Financial assets | - |
| Loans and receivables - Cash and cash equivalents | 100 |
| Loans and receivables - Trade and other receivables | 210,030 |
| | |
| Financial liabilities | 100,000 |
| Other financial liabilities – Cash and cash equivalents | 73,013 |
| Other financial liabilities - Trade and other payables | 52,598 |

### a) Interest rate risk

The Company has floating rate financial assets in the form of deposit accounts with major banking institutions; however, it is not currently subjected to any other interest rate risk.

Based on cash balances at the statement of financial position date, a rise in interest rates of 1% would not have a material impact on the profit and loss of the company.

### b) Liquidity risk

The Company regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations. The Company takes liquidity risk into consideration when deciding its sources of funds.

### c) Credit risk

The Company had receivables of £210,030 at 31 March 2013, of which £56,000 was receivable from related parties, as mentioned in note 10. Company receivables of £210,030 at the period-end were not past due, however the Directors consider there to be no credit risk arising from these receivables.

### d) Capital risk management

The Company defines capital as the total equity of the Company. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

### e) Fair value of financial assets and liabilities

There are no material differences between the fair value of the Company's financial assets and liabilities and their carrying values in the financial information.

## 13. Borrowings Facilities

The Company had a bank overdraft at 31 March 2013 of £73,013. The overdraft is secured by the personal guarantee of John Roddison.

The Company had convertible loans at 31 March 2013 of £100,000. The convertible loan notes were converted into share capital on 11 July 2013.

## 14. Capital Management Policy

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Company consists of borrowings and equity attributable to equity holders of the Company, comprising issued share capital and reserves.

## 15. Pension Commitments

The Company has no pension commitments at the period end.

## 16. Dividends

No dividends have been proposed.

## 17. Convertible Loan Notes

The convertible loan of £100,000 was issued on 25 November 2012. The loan was issued into Ordinary shares on 11 July 2013.

The value of the debt covers the cost and thus no equity element has been recognised

## 18. Staff Costs

During the period to 31 March 2013 there were no staff costs as no staff were employed by the company.

## 19. Ultimate Controlling Party

The Directors have determined that there is no controlling party as no individual shareholder holds a controlling interest in the Company.

## 20. Subsequent events

On 27 June 2013, the company constituted 3,750,000 Warrants on the terms of an instrument under which the Company issued 1,875,000 Warrants to each of Sprint Capital and Xplorer Capital. Each Warrant entitles the Warrant Holder to subscribe for one Ordinary Share at 0.1 pence per Ordinary Share. The Warrants are exercisable at any time from the date of the Acquisition to the third anniversary of Admission. The Warrants are equal to 33.33% of the Enlarged Share Capital, or 25.00% of the total ordinary share capital assuming full exercise of the Warrants.

On 27 June 2013, the Company constituted 75,000 Warrants on the terms of an instrument under which the Company issued 75,000 Warrants to Allenby Capital Limited ("Allanby Warrants") . Each Allenby Warrant entitles subscription for one Ordinary Share at 10 pence per Ordinary Share. The Allenby Warrants are exercisable at any time from the date that is six months following completion of the Acquisition to the fifth anniversary of Admission. The Allenby Warrants are equal to 0.67% of the Enlarged Share Capital, or 0.66% of the total ordinary share capital assuming full exercise of the Allenby Warrants.

On 11 July 2013, the company gained a standard listing on the London Stock Exchange.

On 11 July 2013, 6,250,000 ordinary shares were issued at £0.16 per share raising £1 million gross.

On 11 July 2013, the convertible loan notes were converted into 1,250,000 ordinary shares at £0.08 per share.

## 21. Copies of the Annual Report

Copies of the annual report will be available on the Company's website at www.xplorerplc.co.uk and from the Company's registered office, 24 Hanover Square, London, W1S 1JD