

Annual Report and Financial Statements 2017



TomCo Energy plc

For further information visit us online at:
www.tomcoenergy.uk.com or email us at: info@tomcoenergy.uk.com

COMPANY DETAILS

TOMCO ENERGY PLC

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England and Wales
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Country of Incorporation
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Board of Directors
Andrew Jones – Executive Chairman
John Potter – Chief Executive Officer
Alexander Bengler – Non-Executive Director
Malcolm Groat – Non-Executive Director



TomCoENERGY



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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 2017.

The year ended September 2017 was a year of transition for the Company. Following the Company's decision not to proceed with the proposed palm oil project at the start of its financial year, the Company reverted its focus to its core oil shale assets.

During the financial year, the Company announced that it had identified an oil shale extraction technology, proven from a technical feasibility perspective, which demonstrated the benefits and efficacy of using a process involving the use of radio frequency ("RF") in the extraction of oil & gas from oil shale. The Company believes that this relatively low-cost and environmentally benign disruptive technology has the potential to unlock TomCo's oil shale assets. As a result, the Company formed TurboShale Inc. ("TurboShale") to become the Company's technology arm, and in which JR Technologies LLC ("JRT") became a shareholder and TurboShale acquired the relevant patents for the RF technology and process from JRT.

Subject to securing the necessary funding, the Company will seek to undertake a field test programme on its own Holliday block to seek to demonstrate the suitability of the RF technology to the recovery of oil & gas from its oil shale assets on a commercial basis. Should the RF technology be shown to be commercially viable, the Company believes that there would potentially be additional licensing and royalty opportunities for the technology.

Through a joint venture between Badger, Raytheon and Texaco ("BART") during the early 1980's, a multimillion dollar commercial scale pilot programme was carried out on Texaco's Vernal, Utah oil shale block (located approximately 10 miles from TomCo's Holliday block) (the "BART Programme"). The BART Programme sought to apply RF energy to fracture and retort in-situ oil shale to enable the recovery of oil & gas using conventional lifting methods. Laboratory testing, theoretical analysis and full-scale field testing resulted in a fundamental understanding of the production economics, equipment design parameters, and other shale physical and electrical properties for oil & gas recovery. The oil produced demonstrated a very high quality, low sulphur content similar to high quality Arabian crude. However, whilst the BART Programme demonstrated a low cost of production of approximately US\$4.5-9 per barrel, due to the low oil price at that time, the technology was never commercialised.

The BART Programme was technically overseen by JRT's Ray Kasevich, while he was Technical Director of BART at Raytheon.

In March 2017, we announced the formation of a new Utah-based subsidiary, TurboShale. Its executive and technology team comprises of Andrew Jones, Ray Kasevich and Jeb Rong of Massachusetts-based JRT and Graeme Hossie of UK-based Venture Development Partners Ltd.

TurboShale has acquired two key patents from JRT that form the basis for the RF process: US7891421B Method and Apparatus for In-Situ Radiofrequency Heating (US Application 62/017/408), and its patent application US2015/035433A1 Subsurface Multiple Antenna Radiation Technology (SMART). We have every confidence that the TurboShale technology represents the best opportunity for the Company in unlocking the value of its oil shale assets in the near to mid-term.

The Company is therefore seeking to build on the findings of the BART Programme and I am delighted to say that good progress continues to be made. This has included the commencement of preliminary lab work in September 2017, and the continued review of the historical data to finalise the proposed work programme for TurboShale.

Having identified significant cost savings, the Company plans, subject to the Company securing the requisite funding, for TurboShale to undertake a four to six month field test programme on the Company's Holliday Block, to seek to demonstrate that the RF technology can be used to recover oil & gas on an economic basis with the ultimate goal of moving towards commercial production of its oil shale assets. I look forward to keeping shareholders updated on our progress in this regard.

The Company is pleased to announce that the Utah Division of Oil, Gas and Mining has extended its Exploration Permit E/047/0061 to 1 February 2019. The Company's two licences remain valid until 2024.

The Board continued to monitor and tightly maintain its overheads. Since the year end, the Company has raised, in aggregate, £200,000 via unsecured loans from Christopher Brown, the Company's largest shareholder and ex-CEO in January 2018 and March 2018. As at 28 March 2018, following receipt of the second £100,000 loan from Christopher Brown, the Company had cash of approximately £177,000 and cash flow forecasts indicate that the Company will have sufficient funds through to August 2018 as detailed in Note 1.1 to the financial statements. As such, the Company will need to raise further funds to meet its working capital requirements and undertake its development plans. Whilst the Board remains confident of the Company's ability to raise further funds, there can be no guarantee that the Company will be able to secure the necessary funds or certainty as to the terms on which such funding will be available for its working capital and/or development plans. These circumstances represent a material uncertainty in respect of going concern.

I would like to take this opportunity to welcome John Potter to the Board as the Company's Chief Executive Officer. His efforts and dedication since joining the Company have proven invaluable. I would also like to thank Christopher Brown, who stepped down as the Company's CEO at the beginning of 2018, especially for all his diligent research work in identifying our new technology choices. I and the Board would also like to thank him for his continuing support.

On a final personal note, I have spoken with a number of shareholders and wholeheartedly agree that the Company needs to provide a more proactive and engaging corporate communications programme. As part of our efforts to be more transparent, we have decided to hold this year's AGM in London and I particularly look forward to updating as many shareholders as possible on developments as we seek to move forward with the field test programme.



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 2017.

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 showing 126 million barrels of oil in recoverable JORC Measured Resource. This report was based on using Red Leaf Resources Inc.'s ("Red Leaf") EcoShale™ technology for which TomCo purchased a license for in 2010. Following Total E&P USA Oil Shale, LLC ("TOTAL") decision in 2016 not to proceed with Red Leaf's Early Production System, the Company decided to make a full provision against its investment into Red Leaf and the EcoShale™ technology asset and sought to identify other technologies and processes for unlocking the potential of its oil shale assets.

This resulted in the Company identifying a multi-million dollar programme, which was conducted during the early 1980's through the collaboration of Badger, Raytheon and Texaco, colloquially referred to as the "BART Programme". The purpose of the BART Programme, which was carried out approximately 10 miles from the Company's Holliday Block, was to prove that the use of radio frequencies, applied correctly, could form the foundation of a process to produce oil from oil shale whilst having production/operating costs significantly lower than its competitors and with the added benefit of having little or no requirement for water and having minimal environmental impact. Although the programme proved the ability to recovery high quality crude, the programme did not advance due to the falling oil price.

Having identified the technology, the Company, in partnership with JR Technologies LLC ("JRT"), the principle of which was involved in the BART Programme, formed TurboShale Inc. to seek to advance the RF technology used in the BART Programme. The required patents associated with the RF technology have also been transferred by JRT to TurboShale.

The Company is seeking to undertake, subject to funding, a field test programme on its Holliday block to seek to demonstrate that the RF technology can be used to recover oil & gas on an economic basis with the ultimate goal of moving towards commercial production of its oil shale assets. If the Company does not secure the requisite funding it will not be able to undertake the proposed field test programme and will not be able to advance its oil shale assets.

The Directors have identified the following risks in relation to migrating to this, TurboShale Technology:

- This RF process does not use surface mining and instead works in-situ, through the use of Radio Frequency Antennas located within drilled boreholes. Accordingly, whilst the Group's Holliday block has been granted all the necessary permits required in using Red Leaf's EcoShale™ technology, including a Large Mining Operating permit ("LMO"), switching to TurboShale's technology will likely require its LMO to be downgraded to either a Small Mining Operating permit ("SMO") or to a simple Oil Mining permit. The Company has not yet engaged in detailed discussions with the relevant regulatory authorities regarding this matter. The Directors are though confident that this will not present any material issues nor will it receive any objections, particularly as the permissions being sought would be less onerous than the permissions already held.
- Notwithstanding the successful outcome of the BART Programme, TurboShale will seek to undertake, subject to the Company securing the necessary funds, its own field test programme on the Company's Holliday Block to demonstrate that TurboShale's technology can be used to recover oil and gas on an economic basis with the ultimate goal of moving towards commercial production of the Company's oil shale assets. The Company and TurboShale have already prepared a project scope and plan for the field test programme, along with the schedule of what they will seek to prove. This field test programme is planned to commence following the requisite funding being secured.

Directors' report

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.

Liquidity and interest rate risks

The Group is ultimately dependent on sources of equity or debt funding to develop TurboShale and in turn its exploration assets and meet its day to day capital commitments. Cash forecasts identifying the liquidity requirements of the Group are produced frequently and are reviewed regularly by management and the Board. 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 which remains fully provided against. 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 12. The Directors do not propose the payment of a dividend (2016: £nil).

REVIEW OF THE KEY EVENTS DURING THE YEAR

TurboShale Inc.

In March 2017, TomCo incorporated a new US company TurboShale, and entered into agreements with JRT in which JRT became minority holders of the equity in TurboShale. TurboShale acquired the rights from JRT over two patents US7891421B Method and Apparatus for In-Situ Radiofrequency Heating (US Application 62/017/408), and the patent application US2015/035433A1 Subsurface Multiple Antenna Radiation Technology (SMART) which are the two key patents relating to TurboShale's technology and process.

Palm Oil

As disclosed in the 2016 annual report, the Company's palm oil project was suspended in November 2016.

Financing

During the financial year, TomCo carried out a consolidation and subdivision of its shares to rationalise its shareholder base. Particulars are given in Note 15. In July 2017, £250,000 was raised by means of an equity placing. The proceeds, £229,000 net of costs, have been employed on the TurboShale project and general working capital requirements. In addition, after the year end TomCo has received unsecured loans of, in aggregate, £200,000 from Christopher Brown, repayable by March 2019.

Directors' report

As at 28 March 2018, following receipt of the second £100,000 loan from Christopher Brown, the Company had cash of approximately £177,000 and cash flow forecasts indicate that the Company will have sufficient funds through to August 2018 as detailed below and in Note 1.1 to the financial statements. As such, the Company will need to raise further funds to meet its working capital requirements and undertake its development plans. Whilst the Board remains confident of the Company's ability to raise further funds, there can be no guarantee that the Company will be able to secure the necessary funds or certainty as to the terms on which such funding will be available for its working capital and/or development plans. These circumstances represent a material uncertainty in respect of going concern as detailed below and in Note 1.1 to the financial statements.

Directors

Directors who served on the Board during the year to 30 September 2017 and to date were as follows:

Andrew Jones

Christopher Brown (resigned 1 February 2018)

John Potter (appointed 1 February 2018)

Alexander Bengler (appointed 24 October 2016)

Malcolm Groat (appointed 14 March 2017)

Simon Corney (resigned 23 December 2016)

Directors' interests in the ordinary shares of the Company, including family interests, as at 30 September 2017 were as follows:

	30 September 2017		30 September 2016	
	Ordinary shares of Nil par value	Share warrants	Ordinary shares of nil par value	Share warrants
C Brown*	194,286	857,143	214,285,714	107,142,857
A Jones	-	-	-	-
A Bengler	-	-	-	-
M Groat	-	-	-	-
S Corney**	-	-	-	-
	194,286	857,143	214,285,714	107,142,857

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

* Mr. Brown was 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 3,943,364 ordinary shares in the capital of TomCo. After the balance sheet date, Mr Brown acquired 3,943,200 ordinary shares at a price of 3.875 pence per ordinary share from Kenglo One Ltd. As a result of the acquisition, Mr Brown is now directly interested in 19.56% of the issued share capital of the Company. Mr Brown also resigned as a Director on 1 February 2018

** Resigned 23 December 2016.

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.

Going Concern

The Directors have prepared cash flow forecasts for the next 12 months from the date of signing of these financial statements. Under these forecasts the Group needs to raise additional funding during August 2018 in order to have sufficient cash to meet its liabilities and commitments as they fall due.

The forecasts include deferral of Directors' remuneration for certain months to manage cash flow and further expenditure to develop TurboShale is dependent on sufficient additional funding being secured. The Directors remain confident that they can secure sufficient additional funding, either through debt or equity finance, based on the progress of ongoing fundraising options, which would provide sufficient funds to meet operating expenditure for the next 12 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 the additional funds 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' report

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;
- 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.

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

Independent auditors' report

to the members of TomCo Energy plc

Opinion

We have audited the financial statements of TomCo Energy Plc (the "Company") and its subsidiaries (together "the Group") for the year ended 30 September 2017 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated and company statements of cash flows and the related notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the consolidated financial statements is the Isle of Man Companies Act 2006 and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 30 September 2017 and of the Group's loss for the year then ended; and
- the Group and Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with the engagement letter dated 1 November 2017. 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 opinions we have formed.

Material uncertainty relating to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the disclosures made in note 1.1 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 during August 2018, either through equity or debt finance to enable it to continue as a going concern. 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.

We identified going concern as a key audit matter based on our assessment of the significance of the risk and the effect on our audit strategy.

As at 28 March 2018, the Group had cash reserves of approximately £177,000. As set out in note 1.1, the cash flow forecasts prepared by the Directors indicate that the Group will require additional funding to meet its liabilities and commitments as they fall due.

Our audit procedures in response to this key audit matter included the following:

- We reviewed Management's assessment that going concern is an appropriate basis of preparation.
- We reviewed the latest cash flow forecasts for the Group which covered the 12 months from the date of approval of these financial statements. This included reviewing the Holliday Block licence agreements to confirm that no significant work commitments existed within the next 12 months, together with assessment of the cash outflows against historical data.
- We obtain written representation from the Directors that they would defer payment of their remuneration in line with the forecasts.
- We verified receipt of the £200,000 of loans received from a shareholder post year end and reviewed the terms of the loan against the forecasts.

Independent auditors' report

- We discussed with the Directors how they intend to raise the funds necessary for the Group to continue as a going concern, in the required timeframe and considered their judgment in light of the Group's previous fundraisings and representations made by the Board regarding ongoing discussions with potential investors.
- We reviewed the disclosures in note 1.1 to the financial statements.

Key audit matters

In addition to the matter described in the material uncertainty related to going concern section, key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter
<p>Carrying value of intangible assets and associated disclosures</p> <p>As detailed in note 8, the Group holds £7.6m of capitalised costs in respect of its exploration and development license for the Holliday Block which the Directors are required to assess for indicators of impairment at each reporting date. The impairment indicator assessment requires the Directors to exercise significant judgment and therefore represents a significant focus area for our audit, together with the disclosures in the financial statements.</p> <p>In addition, the Group impaired the £1.3m Red Leaf technology licence at 30 September 2016 and the Directors have concluded that the impairment remains appropriate at 30 September 2017. We considered this area to represent a significant focus for our audit, together with the disclosures in the financial statements.</p>
<p>How we addressed the key audit matter:</p> <p><i>In respect of the exploration and development licence:</i></p> <ul style="list-style-type: none"> • We reviewed the licence documentation to satisfy ourselves that the licences remain valid, as well as to confirm the dates of expiry and licence obligations. • We evaluated management's impairment indicator review. Our evaluation included procedures including: a) we reviewed the licence agreement to confirm that the Group holds a valid licence until 2024 and considered the appropriateness of management's judgment that the licence can be converted from a large mining operation to a small mining operation if necessary in the future; b) we reviewed the Competent Person's report as part of the Group's assessment of the oil resource and considered management's judgment that, whilst the Competent Person's Report was based on the previous EcoShale™ technology, it supported the continued prospectivity of the licence area; and c) we made specific inquiries of management and reviewed budgets and plans which demonstrated that the Group plans continued investment in its TurboShale technology and subsequently development of the Holliday Block, subject to sufficient funding being available. • We considered the Group's progress and future plans regarding technologies that are necessary for commercial extraction of the Holliday Block resources. We made inquiries of Management, assessed the Group's plans and reviewed the patents acquired during the period and assessed the Board's conclusion that there are no indicators of impairment at the present time under IFRS 6. <p><i>In respect of the technology licence:</i></p> <ul style="list-style-type: none"> • In respect of the Board's judgment that it remains appropriate to fully provide against the Red Leaf technology licence, we considered the Group's strategic focus on the TurboShale technology, reviewed information regarding the developments in the EcoShale™ technology during the period and the Board's assessment of the level of uncertainty regarding its future commercial application at the Holliday Block. • We considered the adequacy of the disclosures made in the financial statements to ensure that this was consistent with both the conclusions from our audit testing and accounting standards.
<p>Our findings:</p> <p>We found Management's assessment that there were no indicators of impairment in respect of its exploration and development costs at the reporting date to be acceptable. We found Management's judgment that the Red Leaf technology licence should remain fully impaired to be appropriate.</p> <p>We found the disclosures in the financial statements to be relevant.</p>

Independent auditors' report

Key audit matter

Accounting for the investment in Red Leaf shares and associated disclosures

As detailed in note 1.14 and 10, the Group holds an unquoted investment in Red Leaf Resources Inc. at cost less impairment. In keeping with its historical accounting treatment, Management have concluded that the investment cannot be reliably fair valued at 30 September 2017 and that its accounting policy remains appropriate. In addition, Management have reviewed the carrying value at 30 September 2017 and concluded that the investment remains fully impaired.

The accounting treatment and disclosure of the investment and the Group's assessment that the investment remains fully impaired represented a significant focus for our audit, including whether sufficient information existed to enable to investment to be held at fair value and in turn, the judgments and estimates associated with determining any resulting fair value.

How we addressed the key audit matter:

- We have critically assessed Management's conclusion that the investment is not capable of being reliably fair valued and considered the accounting policy's compliance with IFRS. In doing so, we considered the nature of the investee's business, the likely dependence of any valuation on the success of its underlying technology and uncertainties therein. We made specific inquiries of Management who confirmed that they have not been provided with information which they consider would be sufficient to form a sufficiently narrow range of outcomes to establish a fair value.
- We reviewed the financial statements of Red Leaf and challenged Management as to whether a share issue that took place by that company during the year represented a reliable basis for valuation of the Group's investment. In assessing Management's judgment that it did not provide a reliable fair value we considered factors including the period of time since the share issue, the relative shareholding of the investor compared to the Group and other relevant facts and circumstances.
- We reviewed the financial statements of a significant investor in Red Leaf and considered the extent to which information provided in respect of the investment was sufficient to enable the Group to form a reliable fair value.
- In respect of the Board's judgment that it remains appropriate to fully provide against the Red Leaf investment, we considered the Group's strategic focus on the TurboShale technology and the Board's assessment of the risks and uncertainties associated with the investee.
- We considered the adequacy of the disclosures made in the financial statements to ensure that this was consistent with both the conclusions from our audit testing and accounting standards.

Our findings:

We found Management's assessment that the investment in Red Leaf cannot be reliably fair valued to be appropriate in the circumstances and consider the decision to hold the investment at nil value to be an acceptable judgment.

We found the disclosures in the financial statements to be relevant.

Our application of materiality

	Group Materiality	Basis for materiality
FY 2017	£150,000	c2.0% of total assets
FY 2016	£160,000	c2.0% of total assets

In addition, materiality for the parent Company was set at £135,000 (2016: £144,000) based on 2% of total assets of the parent Company then capped at 90% of Group materiality.

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Independent auditors' report

We consider total assets to be the financial metric of the most interest to shareholders and other users of the financial statements given the Company's status as an oil shale exploration and development company and therefore consider this to be an appropriate basis for materiality.

Performance materiality is the application of materiality at the individual account or balance level set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Performance materiality was set at £112,500 (2016: £120,000) which represents 75% (2016: 75%) of the above materiality levels.

We agreed with the audit committee that we would report to the committee all individual audit differences identified during the course of our audit in excess of £8,000 (2016: £8,000). We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds. There were no misstatements identified during the course of our audit that were individually, or in aggregate, considered to be material in terms of their absolute monetary value or on qualitative grounds.

An overview of the scope of our audit

The Group comprises the parent Company and five subsidiaries. We performed a full scope audit in the UK over the Group's two significant components, comprising the parent Company and Oil Mining Inc. Whilst the Group holds an exploration licence in the United States the accounting records are maintained in the United Kingdom. As such, our audit was performed in the United Kingdom. Whilst materiality was set for the Group financial statements (as discussed above), individual component materiality was applied to each of the Group's component entities. Each of the audits were conducted by BDO LLP.

In respect of the four components that were deemed non-significant, these components were principally subject to analytical review procedures together with certain substantive tests.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

BDO LLP
Chartered Accountants
55 Baker Street
London W1U 7EU

28 March 2018

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 2017

		2017	2016
	Note	£'000	£'000
Revenue	2	-	-
Cost of sales	2	-	-
Gross loss		-	-
Administrative expenses	2	(428)	(495)
Impairment of assets	8, 10	-	(4,576)
Operating loss	4	(428)	(5,071)
Finance costs	3	-	(72)
Loss on ordinary activities before taxation		(428)	(5,143)
Taxation	5	-	-
Loss for the year attributable to:		(428)	(5,143)
Equity shareholders of the parent		(416)	(5,143)
Non-controlling interests	9	(12)	-
		(428)	(5,143)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		-	-
Total comprehensive loss attributable to:			
Equity shareholders of the parent		(416)	(5,143)
Non-controlling interests		(12)	-
		(428)	(5,143)
Loss per share attributable to the equity shareholders of the parent			
Basic & diluted loss per share	7	(1.75)	(30.17)

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 £305,731 (2016: £5,117,723), which included an impairment charge of £Nil (2016: (£4,575,502)).

The Notes on pages 16 to 31 form part of these financial statements.

Consolidated and Company Statements of Financial Position
as at 30 September 2017

		Group 2017	Company 2017	Group 2016	Company 2016
	Note	£'000	£'000	£'000	£'000
Assets					
Non-current assets					
Intangible assets	8	7,650	-	7,627	-
Investment in subsidiaries	9	-	7,636	-	7,627
Available for sale financial assets	10	-	-	-	-
Other receivables	11	22	-	20	-
		7,672	7,636	7,647	7,627
Current assets					
Trade and other receivables	11	28	205	38	97
Cash and cash equivalents	12	128	121	381	378
		156	326	419	475
TOTAL ASSETS		7,828	7,962	8,066	8,102
Liabilities					
Current liabilities					
Trade and other payables	13	(196)	(168)	(232)	(225)
		(196)	(168)	(232)	(225)
Net current (liabilities)/ assets		(40)	158	187	250
TOTAL LIABILITIES		(196)	(168)	(232)	(225)
Total net assets		7,632	7,794	7,834	7,877
Shareholders' equity					
Share capital	15	-	-	-	-
Share premium	16	25,354	25,354	25,125	25,125
Warrant reserve	17	57	57	57	57
Retained deficit		(17,748)	(17,617)	(17,348)	(17,305)
Equity attributable to owners of the parent		7,663	7,794	7,834	7,877
Non-controlling interests		(31)	-	-	-
Total equity		7,632	7,794	7,834	7,877

The financial statements were approved and authorised for issue by the Board of Directors on 28 March 2018.

The Notes on pages 16 to 31 form part of these financial statements.

Andrew Jones
Director

Alexander Bengler
Director

Consolidated and company statements of changes in equity
for the financial year ended 30 September 2017

Group							Company						
Equity attributable to equity holders of the parent							Non-controlling Interest	Total Equity	Share capital	Share premium	Warrant reserve	Retained deficit	Total
Note	Share capital	Share premium	Warrant reserve	Retained Deficit	Total	Share capital							
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 October 2015		10,133	14,457	42	(12,259)	12,373	-	12,373	10,133	14,457	42	(12,241)	12,391
Total comprehensive loss for the year		-	-	-	(5,143)	(5,143)	-	(5,143)	-	-	-	(5,118)	(5,118)
Issue of share capital	15, 16	174	(132)	-	-	42	-	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	-	-	343
Issue of Warrants	17	-	-	15	-	15	-	15	-	-	15	-	15
Conversion of loan notes	16	-	150	-	54	204	-	204	-	150	-	54	204
At 30 September 2016		-	25,125	57	(17,348)	7,834	-	7,834	-	25,125	57	(17,305)	7,877
Total comprehensive loss for the year		-	-	-	(416)	(416)	(12)	(428)	-	-	-	(305)	(305)
Issue of shares (net of costs)	15, 16	-	229	-	-	229	4	233	-	229	-	-	229
Change in non-controlling interest	9	-	-	-	23	23	(23)	-	-	-	-	-	-
Purchase of fractional interests	15, 16	-	-	-	(7)	(7)	-	(7)	-	-	-	(7)	(7)
At 30 September 2017		-	25,354	57	(17,748)	7,663	(31)	7,632	-	25,354	57	(17,617)	7,794

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

<u>Reserve</u>	<u>Descriptions and purpose</u>
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.
Non-controlling interest	Non controlling interest share of losses of TurboShale Inc., together with adjustments associated with the initial recognition of the non-controlling interest. Refer note 9.

The Notes on pages 16 to 31 form part of these financial statements.

Consolidated and company statements of cash flows
for the financial year ended 30 September 2017

	Note	Group 2017 £'000	Company 2017 £'000	Group 2016 £'000	Company 2016 £'000
Cash flows from operating activities					
Loss after tax	2	(428)	(305)	(5,143)	(5,118)
<i>Adjustments for:</i>					
Finance costs	3	-	-	72	72
Impairment		-	-	4,576	4,576
Decrease/(increase) in trade and other receivables		9	(107)	(16)	(43)
(Decrease)/increase in trade and other payables		(36)	(67)	95	95
Cash (used in)/generated by operations		(455)	(479)	(416)	(418)
Cash flows from investing activities					
Investment in oil & gas assets	8	(20)	-	(8)	-
Additions to investment in subsidiary	9	-	-	-	(8)
Net cash used in investing activities		(20)	-	(8)	(8)
Cash flows from financing activities					
Issue of shares (net of issue costs)	15, 16	229	229	385	385
Re-purchase of shares	15	(7)	(7)	-	-
Issue of convertible loan notes	16	-	-	150	150
Interest paid on convertible loan notes		-	-	(2)	(2)
Net cash generated from financing activities		222	222	533	533
Net (decrease)/increase in cash and cash equivalents		(253)	(257)	109	107
Cash and cash equivalents at beginning of financial year		381	378	272	271
Cash and cash equivalents at end of financial year		128	121	381	378

The Notes on pages 16 to 31 form part of these financial statements.

Notes to the financial statements

for the financial year ended 30 September 2017

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 and going concern

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);
- Carrying value of intangible assets (Note 8);
- Accounting treatment and carrying value 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 12 months from the date of signing of these financial statements. Under these forecasts the Group needs to raise additional funding during August 2018 in order to have sufficient cash to meet its liabilities and commitments as they fall due.

The forecasts include deferral of Directors' remuneration for certain months to manage cash flow and further expenditure to develop TurboShale is dependent on sufficient additional funding being secured. The Directors remain confident that they can secure sufficient additional funding, either through debt or equity finance, based on the progress of ongoing fundraising options, which would provide sufficient funds to meet operating expenditure for the next 12 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 the required additional funds 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 ended 30 September 2017 and have not been adopted early.

		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
• IFRS 2 (amendments)	Classification and measurement of share-based payment transactions*	1 Jan 2018
• IAS 7 (amendments)	Disclosure initiative	1 Jan 2017
• IAS 12 (amendments)	Recognition of deferred tax assets for unrealised losses	1 Jan 2017

* Not yet adopted by European Union (in the case of amended standards, it is the amendments that are not yet endorsed)

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. At present the Group has no revenues and therefore the standard would not impact the Group.

Notes to the financial statements

for the financial year ended 30 September 2017

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. Management are currently reviewing the impact of the standard but do not anticipate it having a material effect given the absence of operating leases.

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.

The Group is currently assessing the impact of these standards.

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 2017. 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. No revenue has arisen in the current or prior year.

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.

Notes to the financial statements

for the financial year ended 30 September 2017

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

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

Patents and patent applications

Patents and patent applications acquired in consideration for combination of cash and the issue of shares in subsidiary undertakings are recognised at fair value, and amortised over their expected useful lives, which is 12 years being the patent term.

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 interdependent. 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

Notes to the financial statements

for the financial year ended 30 September 2017

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 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, with the exception of one subsidiary whose functional currency is US dollars. 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.

The assets and liabilities of subsidiaries with functional currencies other than sterling are translated at balance sheet date rates of exchange. Income and expense items are translated at the average rates of exchange for the period. Exchange differences arising are recognised in other comprehensive income (attributed to non-controlling interests as appropriate).

1.13 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.

1.14 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.

In the event that information exists which subsequently enables an available for sale investment to be reliably fair valued, the asset is measured at fair value 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. Reversals of previous impairments in such circumstances are recorded through other comprehensive income.

1.15 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.

Notes to the financial statements

for the financial year ended 30 September 2017

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

1.16 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.

1.17 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.

1.18 Share capital

Ordinary shares are classified as equity. Shares issued in the period are recognised at the fair value of the consideration received.

1.19 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.

1.20 Investments in subsidiaries

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

1.21 Non-controlling interests

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Notes to the financial statements

for the financial year ended 30 September 2017

2. Segmental reporting - Analysis by geographical segment

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 two principal business segments 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
	2017	2017	2017	2016	2016	2016
	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	-	-	-	-	-	-
Cost of sales	-	-	-	-	-	-
Gross loss	-	-	-	-	-	-
Impairment	-	-	-	-	(4,576)	(4,576)
Administrative expenses	(123)	(305)	(428)	(8)	(487)	(495)
Operating loss	(123)	(305)	(428)	(8)	(5,063)	(5,071)
Financial income	-	-	-	-	-	-
Finance costs	-	-	-	-	(72)	(72)
Total loss	(123)	(305)	(428)	(8)	(5,135)	(5,143)
Non-Current assets:						
- Exploration and development licences	7,627	-	7,627	7,627	-	7,627
- Other	22	-	22	-	20	20
- Technology licence	-	-	-	-	-	-
- Patents	23	-	23	-	-	-
	7,672	-	7,672	7,627	20	7,647
Current assets:						
Trade and other receivables	-	28	28	-	38	38
Cash and cash equivalents	7	121	128	-	381	381
Total assets	7,679	149	7,828	7,627	439	8,066
Current liabilities:						
Trade and other payables	(28)	(168)	(196)	(7)	(225)	(232)
Total liabilities	(28)	(168)	(196)	(7)	(225)	(232)

Notes to the financial statements

for the financial year ended 30 September 2017

3. Finance costs

	2017	2016
	£'000	£'000
Loan note interest (Note 16)	-	2
Warrant expense	-	15
Loss on derivative (Note 16)	-	54
Total Finance Costs for the financial year	-	72

4. Operating loss

The following items have been charged in arriving at operating loss:	2017	2016
	£'000	£'000
Auditors' remuneration: (audit services)	29	29
Rentals payable in respect of land and buildings	7	7

5. Taxation

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

Factors affecting the tax charge:	2017	2016
	£'000	£'000
Loss on ordinary activities before tax	(428)	(5,143)
Loss on ordinary activities at standard rate of corporation tax in the UK of 19.5% (2016: 20.0%)	(83)	(1,029)
Effects of:		
Non deductible items (impairments)		915
Excess management expenses carried forward	83	114
Tax charge for the financial year	-	-

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantially enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly.

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
	2017	2016
	£'000	£'000
C Brown (<i>Resigned 1 February 2018</i>)	40	20
A Jones	63	30
S Corney (<i>Resigned 23 December 2016</i>)	3	30
A. Bengier (<i>Appointed 24 October 2016</i>)	12	-
M. Groat (<i>Appointed 14 March 2017</i>)	6.5	-
Total remuneration	124.5	80

Notes to the financial statements

for the financial year ended 30 September 2017

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. The weighted average number of shares in issue in 2016 have been restated for the effects of the share consolidation and subdivision which took place during 2017 (see notes 15 and 16).

Financial year ended 30 September 2017	Losses £'000	Weighted average number of shares	Per share Amount Pence
Basic and Diluted EPS			
Losses attributable to ordinary shareholders on continuing operations	(416)	23,770,053	(1.75)
Total losses attributable to ordinary shareholders	(416)	23,770,053	(1.75)

Financial year ended 30 September 2016			
Basic and Diluted EPS			
Losses attributable to ordinary shareholders on continuing operations	(5,143)	17,044,509	(30.17)
Total losses attributable to ordinary shareholders	(5,143)	17,044,509	(30.17)

The warrants which were issued or for which entitlement to warrants was established in the current and prior years (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 £'000	Oil & Gas Technology licence £'000	Oil & Gas Patents and patent applications £'000	Oil & Gas Total £'000
Cost				
At 1 October 2015	7,619	1,314	-	8,933
Additions	8	-	-	8
At 30 September 2016	7,627	1,314	-	8,941
Additions	-	-	24	24
Translation differences	-	-	(1)	(1)
At 30 September 2017	7,627	1,314	23	8,964
Amortisation/Impairment				
At 1 October 2015	-	-	-	-
Impairment of technology licence	-	1,314	-	1,314
At 30 September 2016	-	1,314	-	1,314
Impairment/amortisation	-	-	-	-
At 30 September 2017	-	1,314	-	1,314
Net book value				
At 30 September 2017	7,627	-	23	7,650
At 30 September 2016	7,627	-	-	7,627
At 30 September 2015	7,619	1,314	-	8,933

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 2017 and concluded that the impairment remains appropriate. As detailed in the Group's announcement in June 2016, Red Leaf's joint venture partner, TOTAL, decided not to support Red Leaf's second 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 maintain full provision for the value of this asset.

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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 JORC compliant Measured Resource of 126 million barrels on the main tract of TomCo's Holliday Block lease in 2012. Whilst the Competent Person's Report was based on the previous EcoShale™ technology the Directors continue to consider the Holliday Block to be prospective and are seeking alternative methods of extracting the shale oil through development of the TurboShale technologies. 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 previous JORC Measured Resource, the licence term and the continued plans to explore and develop the block, including the new technologies which TurboShale is seeking to develop. The outcome of ongoing exploration, and therefore whether the carrying value of the exploration licence will ultimately be recovered, is inherently uncertain and is dependent upon successful development of commercially viable extraction technology. If the required additional funding was not to be made available to the company or commercially viable extraction technologies cannot be developed, the carrying value of the asset might need to be impaired.

TurboShale acquired certain patents from JR Technologies LLC ("JRT") during the year for £24,000 comprising cash of £20,000 and the issue of shares in TurboShale detailed below. The Directors intend to exploit these patents in developing alternative methods of extracting shale oil.

9. Company investment in subsidiaries

Shares in Group undertakings

	Total £'000
Cost	
At 30 September 2015	7,619
Additions	8
At 30 September 2016	7,627
Additions	9
At 30 September 2017	7,636

The investments in subsidiaries relate to companies involved in the development of the exploration asset and technologies. The Directors consider the material 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
TurboShale Inc	Utah, USA	66.67%	Development of alternative shale oil extraction technology

The Company incorporated TurboShale during the period and subsequently issued shares equivalent to 33.33% of the subsidiary to JRT as part of a transaction to acquire patents. The charge to non-controlling interest of £19,000 represents the difference between the fair value of consideration and 33.33% of the net liabilities of the subsidiary at the date the shares were awarded. The loss attributable to the non-controlling interest totalled £12,000 and the closing non-controlling interest was £31,000.

Notes to the financial statements

for the financial year ended 30 September 2017

10. Available-for-sale financial assets

	Unlisted Investments
Cost	£'000
At 1 October 2015	3,442
Additions	-
At 30 September 2016	3,442
Additions	-
At 30 September 2017	3,442
Provisions	
At 1 October 2015	180
Impairment	3,262
At 30 September 2016 and 30 September 2017	3,442
Net book value	
At 30 September 2017	-
At 30 September 2016	-
At 30 September 2015	3,262

During the year to 30 September 2012, the Company invested US\$5.0 million (£3,147,735) in Red Leaf (Equity securities US – Red Leaf) at US\$1,500 per share as part of a US\$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, withdrew 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 current status the Directors have determined it appropriate to keep the investment fully impaired.

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 Leaf	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.

Notes to the financial statements

for the financial year ended 30 September 2017

11. Trade and other receivables

	Group 2017 £'000	Company 2017 £'000	Group 2016 £'000	Company 2016 £'000
Current				
Other receivables	21	20	33	33
Amounts owed from Group	-	178	-	59
Prepayments and accrued income	7	7	5	5
	28	205	38	97
Non- current				
Other receivables	22	-	20	-
Amounts owed from Group	-	-	-	-
Total Receivables	50	205	58	97

As at 30 September 2017 there were no receivables considered past due (2016: £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. Amounts due from Group undertakings include £116,000 due from TurboShale Inc, a company in which the Company holds a 66.67% interest at year end.

All current receivable amounts are due within six months.

12. Cash and cash equivalents

	Group 2017 £'000	Company 2017 £'000	Group 2016 £'000	Company 2016 £'000
Cash at bank and in hand	128	121	381	378

The Group earns 0.05% (2016: 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 2017 £'000	Company 2017 £'000	Group 2016 £'000	Company 2016 £'000
Current				
Trade payables	7	7	70	63
Other payables	56	33	5	5
Accruals	133	128	157	157
	196	168	232	225

All current amounts are payable within 6 months and the 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 approximately £10.7 million (2016: £10.4 million) available for offset against future Company income. This gives rise to a potential deferred tax asset at the reporting date of £2.14 million (2016: £2.1 million). 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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for the financial year ended 30 September 2017

15. Share capital

	Number of shares in issue	2016 £
Issued and fully paid at 1 October 2015	2,072,455,744	10,362,279
Less Shares issued under Promissory Note at 1 October 2015	-	(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 then 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 2016	2,847,189,198	-
	Number of shares in issue	2017 £
Issued and fully paid at 1 October 2016-shares of no par value	2,847,189,198	-
June 2017 – consolidation of shares	(2,847,075,311)	-
June 2017 – repurchase of shares	(109,600)	-
June 2017 – subdivision of shares	22,663,513	-
	22,667,800	-
July 2017-placing of new ordinary shares (Note 16)	6,250,000	-
At 30 September 2017	28,917,800	-

A resolution was passed at the company's Annual General Meeting in June 2017 to reduce the number of shares in issue and the number of shareholders on the register. Accordingly existing ordinary shares were consolidated such that each 25,000 shares became 1 share. Fractional entitlements were then repurchased by the Company, and the resulting number of shares were then subdivided such that each consolidated share became 200 ordinary shares.

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 sought to sell the Ordinary Shares, up to a maximum of 10% of the daily volume averaged over any five day period, on a best effort basis at the AIM Market offer-price or higher. Shares which remained unsold at the reporting date were not included within the share capital and share premium account in prior periods as they are not considered called up.

During the prior period, the Group raised a net amount of £42,231 under the facility by the sale of 34,800,000 ordinary shares. 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.

Notes to the financial statements

for the financial year ended 30 September 2017

16. Share premium

	2017	2016
	£'000	£'000
At 1 October	25,125	14,457
Deficit on shares issued below par (Note 15)	-	(132)
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	-	343
September 2016 – conversion of loan notes at 0.07 pence per share	-	150
July 2017-placing at 4 pence per share (i)	229	-
At 30 September	25,354	25,125

(i) Placing - 2017

On 20 July 2017 the Company raised £250,000 (£229,000 net of costs) through a share placing of 6,250,000 new ordinary shares of no par value at 4.0p per ordinary share. The placing completed in full on 3 August 2017 with all cash proceeds received on that date.

(ii) Placing - 2016

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.

(iii) Conversion of loan notes - 2016

On 20 May 2016 the Company entered into an agreement with Christopher Brown, the then 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 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 Christopher Brown 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. 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 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.

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17. Warrants

At 30 September 2017 the following share warrants were outstanding in respect of ordinary shares:

	2017	2017	2016	2016
	number	Weighted average exercise price Pence	number	Weighted average exercise price Pence
Outstanding at 1 October	119,142,857	0.20	19,420,326	0.6
Expired during the year	-	-	(7,420,326)	1.2
Granted during the year	20,000,000*	0.17	107,142,857	0.17
Adjustment for consolidation of shares in issue	(138,029,657)	25.2	-	-
Outstanding at 30 September	1,113,200	24.8	119,142,857	0.20
Exercisable at 30 September	1,113,200	24.8	119,142,857	0.20

Issue of Warrants

Upon conversion of the loan in 2016 as detailed in Note 16, Christopher Brown, the then CEO of the Company, was issued with 1 warrant for every 2 new ordinary 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. The fair value of £15,000 was recorded in equity and expensed. The number of warrants adjusted to 857,200 and the exercise price adjusted to 21.2p post the share consolidation detailed in Note 15.

On completion of a 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. The exercise price of the warrants adjusted to 6.25p and the number of warrants adjusted to 96,000 post the share consolidation detailed in Note 15.

On 12 March 2016, 7,420,326 warrants expired.

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 2017 had a weighted average exercise price of 24.8p (2016: 0.18p) and a weighted average remaining contractual life of 1.1 years (2016: 2.1 years).

The inputs into the Black-Scholes model for calculating estimated fair value of warrants issued in 2016 were:

	2016
Share price (pence)	0.095
Exercise price (pence)	0.17
Expected volatility	55%
Risk-free rate	2.5%
Contractual life (years)	2

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.

*On 7 October 2016 the Company entered an agreement in which the counterparty was entitled to subscribe for 20,000,000 ordinary shares at 0.17p per share (subsequently consolidated to 160,000 warrants exercisable at 21.25p per share following the share consolidation) for services. The warrant entitlement expires after two years. The fair value of the warrants was assessed and was insignificant.

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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.

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

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 dollar 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 2017 £'000	Company 2017 £'000	Group 2016 £'000	Company 2016 £'000
Current				
British Pounds	121	121	378	378
US Dollars	7	-	3	-
Total	128	121	381	378

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 1.1 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.

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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:

	2017	2016
	£'000	£'000
Inter-group receivable outstanding at year end	178	59

20. Ultimate controlling party

As at 30 September 2017 and 30 September 2016 there is no ultimate controlling party

21. Subsequent events

Mr Chris Brown, who is directly and indirectly beneficially interested in, in aggregate, 19.56% of the issued share capital of the Company, provided unsecured loans of, in aggregate, £200,000 (£100,000 on 2 January 2018 and £100,000 on 28 March 2018) which will be applied to general working capital purposes. The loans incur interest of 8% per annum, payable monthly in arrears, and are repayable in full on 31 March 2019, or earlier at the Company's election.



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