Infinity Energy S.A.

("Infinity Energy" or the "Company")

Final Results for the 12 months ended 31 December 2016

The Directors of Infinity Energy are pleased to announce the audited results of the Company for the year ended 31 December 2016.

The audited annual accounts for the year ended 31 December 2016 will shortly be sent to shareholders and will also be available on the Company's website at http://www.infinityenergy.eu.

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CHAIRMAN'S STATEMENT

Infinity Energy became an Investing Company under the AIM Rules on 17 February 2012. On 18 March 2014, shareholders approved the new investing policy which is to make investments and acquisitions, either through the issues of securities or for cash, in quoted and non-quoted companies and their securities, in the commodities sector with an emphasis on oil and gas service sectors. Such investments include the provision of financing by way of farm-ins, earn-ins, loans, equity or other forms of financing and investments in and to companies in these sectors.

Following a decision by the board of the Company to cease it investment activities in April 2017, the Company became an AIM cash shell under AIM rules.

John Killer

DIRECTORS' REPORT ON THE FINANCIAL STATEMENTS

The Directors are pleased to submit their annual management report and financial statements for the year ended 31 December 2016.

For the purpose of filing with AIM, financial statements have been prepared and presented using International Financial Reporting Standards ('IFRS') as adopted by the European Union. The Company has elected, as allowed under Luxembourg law, to produce financial statements using IFRS only and these are available at the registered office and the Trade Registrar in Luxembourg.

Principal activity

The principal activity of the Company during the year under review was to make investments and acquisitions, either through the issues of securities or for cash, in quoted and non-quoted companies and their securities, in the commodities sector with an emphasis on oil and gas and oil and gas service sectors. Such investments include the provision of financing by way of farm-ins, earn-ins, loans, equity or other forms of financing and investments in and to companies in these sectors.

Review of business

During the period under review the Company was an Investing Company as defined by AIM Rules.

On 1 June 2017 in accordance with Article 100 of the Luxembourg Companies Law, the Shareholders of the Company resolved that it will continue to provide financial support to the Company following the notification from the Board of Directors that the Company had lost half of the corporate capital as at 31 December 2016. It was resolved by the Shareholders that the Company will not be put into dissolution.

During the period, the Company was extended a loan facility of GBP (£) 400,000 by Gerwyn Llewellyn Williams a Director/Shareholder of the Company. The terms of this loan and the basis on which it has been advanced are disclosed in the notes to these financial statements.

Total operating costs for the period amounted to GBP (£) 312,899 (2015: GBP (£) 191,910). The Group losses for the year were GBP (£) 309,799 (2015 loss: GBP (£) 189,058).

Post Balance Sheet events

On 16 March 2017, the Company raised £500,000 (before expenses) by way of a placing of 555,558,200 new ordinary shares ("New Ordinary Shares") at a price of £0.0009 per share.

On 5 April 2017, Gerwyn Llewellyn Williams, Company Director and Chief Executive Officer, converted his convertible loan totalling £480,000 into new ordinary shares in the Company at a conversion rate of £0.0013, equating to 369,230,769 new ordinary shares ("New Ordinary Shares"). Following this conversion, Mr Williams held 472,003,497 ordinary shares in the Company.

On 10 April 2017, the Company raised £600,000 (before expenses) by way of a placing of 461,542,700 new ordinary shares ("New Ordinary Shares") at a price of £0.0013 per share.

At a board meeting of the Company held on 12 April 2017, it was decided that the Company should cease its investment activities and instead focus on completing a suitable reverse takeover transaction as soon as possible.

The Company is investigating a number of potential reverse takeover candidates in the oil and gas sector.

The Company has now become an AIM Rule 15 cash shell, which means that the Company must make an acquisition or acquisitions which constitute a reverse takeover under Rule 14 of the AIM Rules by 12 October 2017, otherwise the trading of the Company's shares on AIM will be suspended.

If the Company has not made an acquisition or acquisitions which constitute a reverse takeover under Rule 14 of the AIM Rules within six months of such suspension, the admission of the Company's shares to trading on AIM will be cancelled.

On behalf of the Board

Gary Neville

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

(Expressed in GBP (£))	*Notes*	**2016** **GBP (£)**	2015 *GBP (£)*
Income			
Interest	*5*	**5,849**	5,218
Total Net Income		**5,849**	5,218
Expenses			
Directors Remuneration	*6*	**(48,000)**	(43,000)
Administrative expenses	*7*	**(239,487)**	(129,360)
Interest and financial charges	*8*	**(25,412)**	(19,550)
Total Operating Expenses		**(312,899)**	(191,910)
Loss before taxation		**(307,050)**	(186,692)
Income tax	*9*	**(2,749)**	(2,366)
Total comprehensive loss		**(309,799)**	(189,058)
Basic loss per share	*10*	**(0.0008)**	(0.0005)

The accompanying notes 1 to 16 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSTION

As at 31 December 2016

(Expressed in GBP (£))	*Notes*	**2016 GBP (£)**	2015 GBP (£)
ASSETS			
Non-current assets			
Financial assets at fair value through profit and loss	*11*	**208,403**	202,554
Total non-current assets		**208,403**	202,554
Current assets			
Other receivables		**-**	-
Cash and cash equivalent		**8,020**	38,554
Total current assets		**8,020**	38,554
Total assets		**216,423**	241,108
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	*12*	**506,719**	486,719
Share premium	*12*	**182,483**	182,483
Accumulated losses		**(916,310)**	(727,252)
Loss for the year		**(309,799)**	(189,058)
Shareholders' equity		**(536,907)**	(247,108)
Current liabilities			
Trade and other payables	*13*	**135,330**	78,216
Provisions for other liabilities and charges		**158,000**	110,000
Total current liabilities		**293,330**	188,216
Non-current liabilities			
Convertible loan	*14*	**460,000**	300,000
		460,000	300,000
Total equity and liabilities		**216,423**	241,108

The accompanying notes 1 to 16 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

(Expressed in GBP (£))	*Notes*	**2016** **GBP (£)**	2015 *GBP (£)*
OPERATING ACTIVITIES			
Operating expenses paid		**(190,534)**	(138,832)
Net cash flows applied to operations		**(190,534)**	(138,832)
FINANCING ACTIVITIES			
Funds raised through issuance of shares	*12*	**-**	-
Funds received via convertible loan	*14*	**160,000**	-
Net cash inflows from financing activities		**160,000**	-
Decrease in cash & cash equivalents		**(30,534)**	(138,832)
Cash and cash equivalents:			
- balance at beginning of the year		**38,554**	177,386
- balance at end of the year		**8,020**	38,554
Decrease in cash & cash equivalents		**(30,534)**	(138,832)
Cash and cash equivalents are represented by:			
Cash at bank and in hand		**8,020**	38,554

The accompanying notes 1 to 16 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

(Expressed in GBP (£))	*Notes*	**Called up share capital**	**Share premium**	**Losses**	**Total**
At 31 December 2014		**486,719**	**182,483**	**(727,252)**	**(58,050)**
Comprehensive Income					
Loss for the year		-	-	(189,058)	(189,058)
At 31 December 2015		**486,719**	**182,483**	**(916,310)**	**(247,108)**
Comprehensive Income					
Loss for the year		-	-	(309,799)	(309,799)
Transactions with owners					
Issuance of shares	*12*	20,000	-	-	20,000
At 31 December 2016		**506,719**	**182,483**	**(1,226,109)**	**(536,907)**

The accompanying notes 1 to 16 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General information

Infinity Energy S.A. (the 'Company') was incorporated under the laws of Luxembourg on 6th July 1999 by notary act prepared by Maitre Alex Weber, notary residing in Luxembourg. The act was published in the legal gazette, the Mémorial C N° 723 of 29th September 1999. The Company is registered under number B 70673 at the Register of Commerce and Societies in Luxembourg (Registre de Commerce et des Sociétés (R.C.S.)). The registered office is in Luxembourg.

Prior to 2012, the Company owned the exclusive master franchise for Domino's Pizza in Switzerland, Luxembourg and Liechtenstein. On 2 January 2012, shareholders agreed to demerge the pizza business into its subsidiary Domino's Pizza Switzerland AG ("DPS"), transfer the shares of that subsidiary directly to the shareholders and convert the Company into an Investing Company. The demerger became effective on 17 February 2012 and the Company became an Investing Company under the AIM Rules for Companies ("AIM Rules"). On 18 March 2014, the Company adopted and implemented a new investing policy which is to make investments and acquisitions, either through the issues of securities or for cash, in quoted and non-quoted companies and their securities, in the commodities sector with an emphasis on oil and gas and oil and gas service sectors. Such investments include the provision of financing by way of farm-ins, earn-ins, loans, equity or other forms of financing and investments in and to companies in these sectors.

2. Directors' responsibility

The Board of Directors approved the annual report and financial statements prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union on 1 June 2017 and they will be submitted to shareholders for approval at the annual general meeting.

3. Summary of significant accounting policies

3.1. Basis of preparation

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

These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union on a going concern basis and under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

3.2. Investment Entity

The characteristics of the Company are:

1. It obtains funds from one or more investors for the purpose of providing those investors with investment management services
2. It commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
3. The Company measures and evaluates the performance of substantially all of its investments on a fair value basis.

Therefore management concludes that the Company is an investment entity as defined by IFRS 10. This requires the Company to consolidate all controlled entities involved in the provision of investment-related services (either directly or through a subsidiary to third parties as well as its investors) and report all other subsidiary investments at fair value in its financial statements.

Further, the Company controls Gas Exploration Finance Limited (GEF) through its 100% holding of the GEF's issued ordinary share capital. GEF is incorporated in England and Wales. GEF is the only subsidiary of the Company and does not provide investment related services. GEF is therefore measured at fair value through profit and loss.

(a) Standards and amendments to existing standards effective 1 January 2016

There are no standards, interpretations or amendments to existing standards that are effective from the first time for the financial year beginning 1 January 2016 that would be expected to have a material impact on the Company.

(b) New standards, amendments and interpretations effective after 1 January 2016 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016 and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company.

3.3. Going Concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue its operations for the foreseeable future. For that reason, they continue to adopt the going concern basis in preparing the accounts.

3.4. Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The financial statements for 2016 and the comparative figures for 2015 are presented in GBP (£) which is both the presentation currency and the functional currency for the Company.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within finance income or cost.

All other foreign exchange gains and losses are presented in the income statement with other (losses)/gains - net.

3.5. Financial assets and financial liabilities at fair value through profit and loss

(a) Subsidiaries reported at fair value

Subsidiary investments that are not consolidated are measured at fair value through profit or loss, in accordance with IFRS 10 and IAS 39.

Transactions, balances and unrealised gains or losses on transactions with unconsolidated subsidiaries (the entities reported at fair value in the Statement of Financial Position) are not eliminated.

(b) Classification

The Company classifies its investments in debt and equity securities as financial assets or financial liabilities at fair value through profit or loss.

This category has two sub-categories: financial assets or financial liabilities held for trading; and those designated at fair value through profit or loss at inception.

(i) Financial assets and liabilities held for trading

A financial asset or financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if on initial recognition is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.

(ii) Financial assets and liabilities designated at fair value through profit or loss at inception

Financial assets and financial liabilities designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Company's documented investment strategy.

The Company's policy requires the Board of Directors to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

(c) Recognition, de-recognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Company commits to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within other net changes in fair value of financial assets and liabilities at fair value through profit or loss in the period in which they arise.

(d) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date.

The Company adopted IFRS 13, 'Fair value measurement', from 1 January 2015; it changed its fair valuation input to utilise the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread.

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

(e) Financial assets at amortised cost

Financial assets at amortised cost are initially recognised at fair value of the consideration received less directly attributable transaction costs. After initial recognition, they are subsequently measured at amortised cost using the effective interest rate method.

The interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(f) Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

3.6. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less1 and bank overdrafts. Bank overdrafts are shown in current liabilities in the statement of financial position.

3.7. Accrued expenses

Accrued expenses are initially recognised at fair value and subsequently at amortised cost.

3.8. Interest income and dividend income

Interest income is recognised on a time-proportionate basis using the effective interest rate method. It includes interest income from cash and cash equivalents and on debt securities at fair value through profit or loss.

Dividend income is recognised when the right to receive payment is established.

3.9. Transaction Costs

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and deals. Transaction costs, when incurred are immediately recognised in profit or loss as an expense.

3.10. Taxation

The Company is domiciled in Luxembourg. The Company is fully taxable in Luxembourg on profits realised from its operations.

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised only on losses carried forward. There are no temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be sufficient and available against which the existing tax losses can be utilised. Deferred tax assets are reviewed at each balance sheet date to determine the expected timing of their realisation and whether there is impairment in their book carrying value.

3.11. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as investments and valued at fair value. The Company's short-term loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

3.12. Debtors and receivables

Debtors and receivables are stated at their nominal value, less provision for estimated irrecoverable amounts.

3.13. Share Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.14. Trade payables

Trade payables are stated at their carrying amounts.

3.15. Borrowings

Loans and bank overdrafts are recorded at the proceeds amount. Interest and financial charges, including premiums payable on repayment, are accounted for on an accrual basis and are added to the amount of the debt.

Interest expense is accrued on a time basis by reference to the principal outstanding and the interest rate applied.

3.16. Share-based payments

The Company operates an employee share option scheme under which the Company awards equity instruments (options) to board members and employees in form of a bonus. The fair value of the services received in exchange for the equity instruments awarded is recognised as an expense. The total amount to be expensed is determined by reference to the fair market value of the options granted:

- Including any market performance conditions (for example, the share price);
- Excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee or director of the Company over a specified time period); and

- Including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the company issues new shares. The proceeds received net of directly attributable transaction costs are credited to share capital when the options are exercised.

The impact of the above accounting policy has been determined as immaterial in 2015 and 2016 and consequently the required disclosures under IFRS2 have not been included in the notes to these financial statements.

3.17. Provisions

Provisions for legal claims are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

4. Financial risk

4.1. Financial risk factors and critical accounting estimates and judgements

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Company is also exposed to operational risks such as custody risk. Custody risk is the risk of loss of securities held in custody occasioned by the insolvency or negligence of the custodian. Although an appropriate legal framework is in place that eliminates the risk of loss of value of the securities held by the custodian, in the event of its failure, the ability of the Company to transfer securities might be temporarily impaired.

The Company's overall risk management programme seeks to maximise the returns derived for the level of risk to which the Company is exposed and seeks to minimise potential adverse effects on the Company's financial performance.

All securities investments present a risk of loss of capital. The maximum loss of capital on purchased options, long equity and debt securities is limited to the fair value of those positions.

The management of these risks is carried out by the Investment Committee. The Company uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

The Board expects that such investments in private companies in the oil and gas sectors might typically represent in excess of 80% of the Company's portfolio at times and in certain circumstances may be represented by a single investment. The Board recognises the inherent risks of such investments but believes that these offer Shareholders significant upside potential. In order to offset some of the risk as well as to provide the Company with access to working capital, the Board intends investing part of its portfolio in large, stable diversified quoted oil and gas and commodities companies. Shareholders should be aware however, that such investments may only represent a small portion of the Company's portfolio at any point in time.

4.1.1. Market risk

(a) Price risk

The Company is exposed to equity securities price risk. This arises from investments held by the Company for which prices in the future are uncertain. Where non-monetary financial instruments – for example, equity securities – are denominated in currencies other than sterling, the price initially expressed in foreign currency and then converted into sterling will also fluctuate because of changes in foreign exchange rates. Paragraph (b) 'Foreign exchange risk' below sets out how this component of price risk is managed and measured.

At 31 December, the fair value of equities exposed to price risk was zero.

(b) Foreign exchange risk

The Company operates internationally and is able to hold both monetary and non-monetary assets denominated in currencies other than the euro, the functional currency. Foreign currency risk, as defined in IFRS 7, arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk. However, management monitors the exposure on all foreign currency denominated assets and liabilities.

The Company's policy is not to manage the Company's exposure to foreign exchange movements (both monetary and nonmonetary) by entering into any foreign exchange hedging transactions.

While the Company has no direct exposure to foreign exchange rate changes on the price of non-sterling-denominated securities, it may also be indirectly affected by the impact of foreign exchange rate changes on the earnings of certain companies in which the Company invests, even if those companies' securities are denominated in sterling.

As at 31 December 2016, the Company was not exposed to any exchange rate related to market risk.

(c) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets and liabilities and future cash flow. The Company has direct exposure to interest rate changes on the valuation and cash flows of its interest bearing assets and liabilities.

(d) Investment risk

During 2016, the main risks arising from the investment in shares related to changes in the prices of resource materials and oil and gas prices. There was some currency exposure as oil prices are generally quoted in USD and the shares are in GBP (£). The shares were highly liquid and therefore there is limited liquidity risk.

As the loan to UK Methane is unsecured there is an associated credit risk if UK Methane cannot repay its debt when it falls due. The Board believes this risk to be extremely low.

4.1.2. Credit risk

The Company is exposed to credit risk which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The maximum exposure to credit risk at 31 December 2016 is the carrying amount of the £150,000 (together with accrued interest of £20,303) loan to UK Methane Limited.

4.1.3. Liquidity risk

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

4.1.4. Capital Management

The primary objective of the Company's capital management is to ensure that the Company remains solvent at all times and is therefore able to meet its objectives and maximise shareholder value.

The Board monitors the capital requirements of the business at all times and manages and monitors all operational expenses closely.

The Company has issued and will, in future, issue new shares in the market as deemed appropriate.

The Company has no outstanding loans.

The table below analyses the Company's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the Balance Sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 December 2016	Total	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years
Trade and other payables GBP (£)	135,330	75,269	-	60,061	-
At 31 December 2015					
Trade and other payables GBP (£)	78,216	60,336	17,880	-	-

4.1.5. Fair value estimation

The fair value of financial assets and liabilities traded in active markets (such as publicly traded securities) are based on quoted market prices at the close of trading on the year end date. Prior to 1 January 2015, the quoted market price used for financial assets held by the Company was the current bid price; the quoted market price for financial liabilities was the current asking price. The Company adopted IFRS 13, 'Fair value measurement', from 1 January 2015 and changed its fair valuation inputs to utilise the last traded market price for both financial assets and financial liabilities.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each year end date.

For instruments for which there is no active market, the Company may use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted equity, debt securities and other debt instruments for which markets were or have been inactive during the financial year. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Company holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

The fair value hierarchy has the following levels 1:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes ‘observable’ requires significant judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, include active listed equities, The Company does not adjust the quoted price for these instruments. Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources1 supported by observable inputs are classified within Level 2. These include investment-grade corporate bonds and certain non-US sovereign obligations, listed equities and over the-counter derivatives. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments include private equity and corporate debt securities. As observable prices are not available for these securities, the Company has used valuation techniques to derive the fair value.

As at 31 December 2016 the fair value hierarchy the Company’s assets and liabilities (by class) measured at fair value comprised a single level 3 asset represented by the fair value of the loan to UK Methane Limited and Gas Exploration Finance Limited.

4.2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below

a) Fair value of securities not quoted in an active market

The fair value of such securities not quoted in an active market may be determined by the Company using reputable pricing sources. The Company would exercise judgement and estimates on the quantity and quality of pricing sources used. Where no market data is available, the Company may value positions using its own models, which are usually based on valuation methods and techniques generally recognised as standard within the industry.

The models used for private equity securities are based mainly on the effective interest rate.

b) *Valuation of Warrants and Stock options*

In accordance with the accounting policy stated in notes 3, the Company uses the Black and Sholes model to estimate the fair value of warrants and stock options issued by the Company. All outstanding warrants were exercised in February 2015. The valuation of the stock options and the corresponding impact of the accounting policy has been determined as immaterial in 2014, 2015 and 2016 consequently the required disclosures under IFRS 2 have not been included in the notes to these financial statements.

c) *Accruals*

In accordance with the accounting policy stated in note 3, the Company has prepared its financial statements using the accrual basis of accounting.

d) *Income taxes*

The Company is subject to income taxes in Luxembourg. Judgement is required in determining the overall provision for income taxes. There are transactions for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

5. Interest

	2016	2015
	GBP (£)	*GBP (£)*
Interest income	**5,849**	5,218

6. Directors' remuneration and staff costs

	2016	2015
	GBP (£)	*GBP (£)*
Wages and salaries	-	-
Social security costs	-	-
Defined benefit pension plan costs	-	-
Fees and costs of the Board of Directors	**48,000**	43,000
Other staff costs	-	-
Total	**48,000**	43,000

Aggregate Directors' remuneration (GBP (£))

	Salary and Fees	**Bonus**	**Pension**	**2016**	2015

Bruce Vandenberg	12,000	-	-	**12,000**	12,000
Gerwyn Williams	12,000	-	-	**12,000**	12,000
John Killer	12,000	-	-	**12,000**	12,000
Gary Neville	12,000	-	-	**12,000**	7,000
Total	**48,000**	**-**	**-**	**48,000**	43,000

As announced on 27 May 2011 the board awarded an option to acquire 3 million shares in the company to Bruce Vandenberg. The options vest equally over three years and are exercisable at a price of GBP (£) 0.03 per share. After adjusting for the share split on 3 January 2012 and the share cancellation on 17 February 2012, the number of options amounts to 1,597,904 exercisable at a price of GBP (£) 0.06.

No other options are held by any of the Directors.

There is no Company private pension scheme in force for the directors.

7. Administrative expenses

	2016	2015
	GBP (£)	*GBP (£)*
Administration and general expenses	**239,487**	129,360
Included in administration expenses are:		
- Auditors' remuneration - audit services	**12,500**	12,500
- Auditors' remuneration - advisory fees	**-**	-

Expenses were primarily related to costs associated with maintaining the AIM listing and include Nomad, Broker, Registrar, AIM fees and Directors fees.

8. Interest and financial charges

	2016	2015
	GBP (£)	*GBP (£)*
Loan interest charges	**23,683**	18,638
Bank charges	**1,729**	912
Total	**25,412**	19,550

9. Income tax expense

The Company is fully taxable in Luxembourg on profits realised from its operations. There were no taxable profits attributable to Luxembourg in 2016 (2015: nil). The minimum tax charge is GBP (£) 2,749.

	2016	2015
The tax charge is determined as follows:	***GBP (£)***	*GBP (£)*
Pre-tax loss for the year before tax	**(309,799)**	(186,692)
Expected tax charge for the year:	**(2,749)**	(2,366)

The Company has not recognised the deferred income tax assets in respect of losses in Luxembourg that can be carried forward indefinitely against future taxable income.

Final tax assessments have been received in Luxembourg up to the year 2015.

10. Earnings (loss) per share (EPS)

The calculation of the basic earnings per share is determined on the loss attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year. During the year the Company issued new shares (see note 12) and the comparative earnings per share have been adjusted to reflect these changes. The elements used in the calculation are:

	2016	2015
Number of issued shares	**367,702,034**	353,416,320
Weighted average number of shares in circulation during the year:	**353,034,265**	353,034,265
	GBP (£)	*GBP (£)*
Loss for the year	**(309,799)**	(189,058)
Basic (loss) per share	**(0.0008)**	(0.0005)
Weighted (loss) per share	**(0.0008)**	(0.0005)

Due to the non-dilutive nature of the warrants and options the basic and diluted EPS are the same.

11. Financial assets at fair value through profit and loss

	2016	2015
	GBP (£)	*GBP (£)*
Investment in Subsidiary	**38,100**	38,100
Loan to Subsidiary/Subsidiary Loan to UK Methane	**170,303**	164,454

As at 31 December 2016, the Company's investments comprise:

- GBP (£) 38,100 being the arms-length purchase price paid for the acquisition of Gas Exploration Finance Limited ("GEF") on 19 March 2014.
- A GBP (£) 150,000 five year back to back loan to enable GEF to invest in UK Methane on 19 March 2014 for a five year period. The loan accrues an interest value of LIBOR plus 3% per annum. GBP (£) 20,303 (2015: GBP (£) 14,454) of the loan balance at 31 December 2016 relates to accrued interest. GBP (£) 5,849 has been recognised in 2016 (2015: GBP (£) 5,218).

GEF has a framework financing agreement ("Framework Agreement") with Coastal Oil and Gas Limited and UK Methane Limited (together, the "Gas Companies"). The Gas Companies have an ownership interest in 17 petroleum exploration development licenses in South Wales, Bristol and Kent with the right to explore and drill for shale gas in the licence areas. Under the Framework Agreement, the Gas Companies have appointed GEF, on a non-exclusive basis, to co-invest by financing their exploration and development operations. In consideration for this co-investment, GEF will receive an economic interest commensurate with the proportion of drilling expenses covered through the funding received from GEF.

A first financing agreement has been entered into between GEF and UK Methane Limited ("UK Methane") for co-investment in explorative drilling by UK Methane. The key terms of the loan are as follows:

- The loan is for £150,000.

- The loan is unsecured.
- The interest on the loan is 3% above Libor.
- The loan plus accrued interest is repayable on the fifth anniversary of the date of the loan i.e. 19 March 2018.
- If and when UK Methane generates operating profits, UK Methane will for long as the loan is outstanding pay a premium equating to 1% of the revenues up to a maximum amount of £150,000 (or the amount of the loan if the loan is less than £150,000). The premium will be paid in monthly installments relative to the aggregate revenues received in the premium. UK Methane may prepay the Loan at any point without premium or penalty (save for any accrued and unpaid premium) up to the date of prepayment together with accrued interest on the loan.

The shares of GEF are not publicly traded; redemptions can only be made by the Company on the redemption dates and are subject to the required notice periods specified in the loan agreement. The shares of UK Methane are not publicly traded; redemptions can only be made by the Company on the redemption dates and are subject to the required notice periods specified in the loan agreements.

As a result, the carrying value of the GEF loan may not be indicative of the value of the loan ultimately realised on repayment. The Company may make adjustments to the value based on considerations such as; changes in the credit risk and whether UK Methane moves into operating profits. As at 31 December 2016, the Company classified its investment in GEF and GEF's investment in UK Methane as level 3 within the fair value hierarchy

The Board, after careful consideration, believes there have been no material changes effecting the valuation of the financial position. Consequently, the original value continue to reflect fair value as defined by IFRS 10 and there is no requirement for any adjustments to be posted to the Income Statement.

12. Capital and reserves

The Company has one class of share, which carries equal voting rights and rights to distributions of dividends from available retained earnings.

Share capital	**2016**	2015
	GBP (£)	*GBP (£)*
Allotted, issued and fully paid up at beginning of year	**486,719**	486,719
Issue of new shares	**20,000**	-
Allotted, issued and fully paid up at end of year	**506,719**	486,719

Represented by 367,702,034 shares (2015: 353,416,320 shares).

In February 2015, the Board of Directors approved the issue and allotment of 4,584,655 ordinary shares to JIM Nominees Limited for a total consideration of GBP 9,169.31 (0.002 GBP per share). Such a decision should be later on ratified in front of a notary. A notary has not yet ratified the issue of the 4,584,655 ordinary shares and therefore the issue has not been yet enacted.

In July 2017, the Board of Directors approved the issue and allotment of 14,285,714 ordinary shares in the Company at a share price of GBP 0.0014, to an independent professional advisor, in lieu of payment for professional services totalling GBP 20,000. Such a decision should be later on ratified in front of a notary. A notary has not yet ratified the issue of the 14,285,714 ordinary shares and therefore the issue has not been yet enacted.

Share Premium	**2016**	2015
	GBP (£)	*GBP (£)*
At the beginning of year	**182,483**	182,483
Issue of new shares	**-**	-
At the end of year	**182,483**	182,483

Stock option plan

On 1st August 2005, the general meeting of shareholders of the Company approved a stock option plan for the benefit of the directors and key employees, the historic Option Plan. Under this the plan, as at 31 December 2016, there were in circulation 831,407 (2015: 831,407) fully vested options at GBP (£) 0.86510, 103,129 (2015: 103,129) fully vested options at GBP (£) 0.53779 and 45,784 (2015: 45,784) fully vested options at GBP (£) 0.42098.

The number of share options outstanding as well as their exercise price changed in 2015 as a result of the capital restructuring as reflected in the table below.

Number of shares under option under the historic Share Option Plan

2016 Exercise Price GBP (£)	2016 No. of shares	2015 Exercise Price GBP (£)	2015 No of shares
0.86510	831,407	0.86510	831,407
0.53779	103,129	0.53779	103,129
0.42098	45,784	0.42098	45,784

No share options have been exercised under the historic Share Option Plan.

At the AGM in 2011, the shareholders approved a new Stock Option Plan whereby the Company may grant options for up to 10 per cent. of its issued share capital from time to time. On 27 May 2011, the Board awarded an option to acquire 3 million shares in the company to Bruce Vandenberg. The options vest equally over three years and are exercisable at a price of GBP (£) 0.03 per share. Following the financial restructuring during 2012, the option amounts to 1,597,904 shares at a price of GBP (£) 0.06. At the 31 December 2016, there were 1,597,904 (2015: 1,597,904) fully vested options in issue under the new Stock Option Plan.

Number of shares under option under the new Stock Option Plan

2016 Exercise Price GBP (£)	2016 No. of shares	2015 Exercise Price GBP (£)	2015 No of shares
0.06	1,597,904	0.06	1,597,904

No share options have been exercised under the new Stock Option Plan.

The figures above reflect the situation as at the end of 2016.

Due to the immaterial effects of the above stock option plans on the income statement and balance sheet, the Company has elected not to apply the provisions required under IFRS2 'Share based payments'.

13. Trade and other payables

	2016	2015
Amounts falling due within one year	***GBP (£)***	*GBP (£)*
Trade creditors	**135,330**	78,216
Other creditors	**158,000**	110,000
Total	**293,330**	188,216

Other creditors comprises of accrued directors fees of GBP (£) 158,000 (2015: GBP (£) 110,000).

14. Convertible loan

As at 31 December 2016, the Company had received convertible loan funding totalling GBP (£) 460,000 (As at 31 December 2015: GBP (£) 300,000) from its majority shareholder, Gerwyn Llewellyn Williams.

During the year ended 31 December 2016, loan funding totalling GBP (£) 160,000 was received from Mr. Williams.

The facility has been utilised for general working capital purposes.

The drawn down loan amount bears interest at a rate of 6% per annum;

The drawn down loan amount is convertible at the discretion of Mr. Williams in ordinary shares in the Company at the market price prevailing at the date of conversion.

15. Related party transactions

The Company's majority shareholder is Gerwyn Llewellyn Williams who owned 26.91% of the Company during the year.

During the year, Gerwyn Llewellyn Williams provided a convertible loan of GBP (£) 460,000 to the Company. During the year interest of GBP (£) 23,683 (2015: GBP (£) 18,363) has been accrued in respect of this loan.

Further details regarding this facility are detailed in note 14.

16. Post Balance Sheet events

On 16 March 2017, the Company raised £500,000 (before expenses) by way of a placing of 555,558,200 new ordinary shares ("New Ordinary Shares") at a price of £0.0009 per share.

On 5 April 2017, Gerwyn Llewellyn Williams, Company Director and Chief Executive Officer, converted his convertible loan totalling £480,000 into new ordinary shares in the Company at a conversion rate of £0.0013, equating to 369,230,769 new ordinary shares ("New Ordinary Shares"). Following this conversion, Mr Williams held 472,003,497 ordinary shares in the Company.

On 10 April 2017, the Company raised £600,000 (before expenses) by way of a placing of *461,542,700* new ordinary shares ("New Ordinary Shares") at a price of £0.0013 per share.

At a board meeting of the Company held on 12 April 2016, it was decided that the Company should cease its investment activities and instead focus on completing a suitable reverse takeover transaction as soon as possible.

The Company is investigating a number of potential reverse takeover candidates in the oil and gas sector.

The Company has now become an AIM Rule 15 cash shell, which means that the Company must make an acquisition or acquisitions which constitute a reverse takeover under Rule 14 of the AIM Rules by 12 October 2017, otherwise the trading of the Company's shares on AIM will be suspended.

If the Company has not made an acquisition or acquisitions which constitute a reverse takeover under Rule 14 of the AIM Rules within six months of such suspension, the admission of the Company's shares to trading on AIM will be cancelled.