

UK Oil & Gas Investments Plc
(formerly Sarantel Group Plc)

Financial statements
For the year ended 30 September 2013

Company Information

Company registration number	05299925
Registered office	Suite 3B 38 Jermyn Street London SW1Y 6DN
Directors	David Lenigas Donald Strang David Wither
Secretary	Donald Strang ACA
Auditors	Chapman Davis LLP Chartered Accountants Registered Auditor 2 Chapel Court London, SE1 1HH
Nominated Adviser	Beaumont Cornish Ltd 2 nd Floor, Bowman House 29 Wilson Street London, EC2M 2SJ
Registrars	Computershare Investor Services Plc The Pavilions Bridgewater Road Bristol, BS13 8AE

Index

Chairman's Statement	3 – 5
Directors	6
Report of the Directors	7 – 9
Report of the Independent Auditor	10
Profit and Loss Account	11
Balance Sheet	12
Cash Flow Statement	13
Principal Accounting Policies	14 – 15
Notes to the Financial Statements	16 – 21

Chairman's Statement

FOR THE YEAR ENDED 30 SEPTEMBER 2013

I am pleased to present the annual report and accounts for the year ended 30 September 2013.

This has been a period of considerable change for the Company, with the Company's shares brought back to full trading status on AIM on 26 November 2013 after a considerable period of suspension from trading due to the financial uncertainty surrounding the Company and its subsidiary having been put in to administration.

The administration of the Company's operating subsidiary resulted in its disposal and therefore these accounts are for the Company only under its new status as an investing company. It should be noted that the figures relate only to the disposal of this operating business and do not incorporate the results of the various transactions noted below which took place after the year-end.

After significant work from the directors and its advisors, the Company has re-emerged as UK Oil & Gas Investments Plc ("UKOG") with a specific focus on acquiring interests in "conventional" UK oil and gas assets.

Since the Company has re-commenced trading on AIM, the board has raised a total of £1.39 million to strengthen the Company's balance sheet and provide funds to be invested in line with the Company's investing policy.

UKOG has acquired a 6% share of Angus Energy Limited ("Angus Energy") which operates and produces low cost oil from both the Lidsey and Brockham oil fields in the UK Weald Basin south of London and is planning to drill the exciting Horse Hill Prospect located about 3 miles from Gatwick Airport. UKOG also is in the process of acquiring a 7.5% direct interest in Horse Hill Development Limited which owns 65% of the Horse Hill licence, which will be completed during March 2013.

In addition, the Company is in the process of acquiring direct 10% interests in two licences in the East Midlands. This is expected to be completed during March 2013.

Your board of directors will continue to seek out further investments in the UK "conventional" oil and gas space and work closely with Angus Energy Limited on ways of potentially increasing our percentage interest in their production and exploration acreage.

The next financial year should see significant improvements in production at two of Angus Energy's licences (Lidsey and Brockham) with new production wells being drilled on both prior to June 2014. We should also know the outcome of the Horse Hill-1 well with a scheduled completion date prior to the year end.

Background Events

During the financial year, the Company announced the following:

On 29 May 2013 that the Board had concluded that there was insufficient probability of concluding a sale of the Operating Business and had therefore requested a suspension from trading on AIM in the Company's shares until such time as the Company's financial position could be clarified.

On 31 May 2013 that the Board had received a letter of demand from a secured creditor for the immediate repayment by the Company's subsidiary Sarantel Limited of the secured HSBC Loan Facility of £2,000,000 (plus accrued interest, as at 29 May 2013, of approximately £17,000) which had been fully drawn down by Sarantel Limited. Security for the HSBC Loan facility was provided by the secured creditor, in return for which Sarantel Limited, inter alia, granted a debenture in favour of the secured creditor which contained fixed and floating charges over the assets and undertaking of Sarantel Limited, including its intellectual property portfolio.

On 13 June 2013 that the directors of Sarantel Limited had appointed PricewaterhouseCoopers LLP as an administrator to Sarantel Limited, the operating subsidiary of the Company.

Subsequent to the financial year-end, the Company announced the following:

On 4 October 2013 that the Company had been informed by PricewaterhouseCoopers LLP ("PWC") that on 2 October 2013 PWC entered into a sale agreement for the sale of Sarantel Limited's business and assets for an undisclosed sum (the "Sale"). The Sale had resulted in the disposal of the Company's entire Operating Business and, as such, constituted a fundamental change of business of the Company under Rule 15 of the AIM Rules, resulting in the Company becoming an Investing Company under the AIM Rules. The Board had been further informed that PWC did not expect to realise any further amounts from the assets in Sarantel Limited and did not expect therefore that the Company would receive any payment from the Sale. The Directors were accordingly

Chairman's Statement

considering the impact of the Sale on the financial position of the Company (which was not itself currently in administration) and the potential options, if any, for securing funding for the Company which currently had net liabilities. The suspension from trading on AIM in the Company's Ordinary Shares would continue until such time as the Company's financial position could be clarified.

On 8 November 2013, that the Board had posted a circular to Shareholders (the "Circular") setting out details of a proposed £150,000 refinancing of the Company, a capital re-organisation and proposed adoption of an Investing Policy (the "Proposals").

On 25 November 2013 a General Meeting was held which duly passed all resolutions. As a result, the Company completed the capital re-organisation and now operates in line with the investing policy proposed in the Circular to focus on potential investments in the natural resources sector as outlined below.

The Company's Investing Policy is to invest in and/or acquire companies and/or projects within the natural resources sector with potential for growth. The Company will also consider opportunities in other sectors as they arise if the Board considers there is an opportunity to generate potential value for Shareholders. The geographical focus will primarily be in regions in the world that the Board considers valuable opportunities exist and potential returns can be achieved.

As an investing company, the Company will be required to make an acquisition which constitutes a reverse takeover under the AIM Rules or otherwise implement its investing policy within 12 months of 4 October 2013, the date on which PWC entered into a sale agreement for the sale of Sarantel Limited's business and assets, failing which, the Company's Ordinary Shares would then be suspended from trading on AIM. If the Company's Investing Policy has not been implemented within 18 months of the Sale the admission to trading on AIM of the Ordinary Shares would be cancelled and the Directors will convene a general meeting of the Shareholders to consider whether to continue seeking investment opportunities or to wind up the Company and distribute any surplus cash back to Shareholders.

Trading in the Ordinary Shares on AIM had been suspended since 29 May 2013 pending clarification of the financial position of the Company, and re-commenced on 26 November 2013. The new ISIN for the new "A" Ordinary Shares is GB00B9MRZS43.

On 26 November 2013, that Oliver Leisten, Philip David, Nicola Malyon and Geoff Shingles resigned from office and Messrs David Lenigas and Donald Strang were appointed to the Board. The New Board now consists: David Lenigas as Non-executive chairman, Donald Strang as Non-executive director and David Wither as Non-executive director.

On 5 December 2013, that the Company's name was changed from Sarantel Group Plc to UK Oil & Gas Investments Plc. The TIDM (ticker symbol) was changed to UKOG for the Company's "A" Ordinary Shares.

On 5 December 2013, that the Board placed 66,666,666 new "A" Ordinary Shares at a placing price of 0.3p ("Placing Shares"), with one new warrant for every Placing Share ("Warrants") to raise £200,000. The 66,666,666 Warrants can be exercised at any time on or before 31 December 2014 at an exercise price of 0.35p per new "A" Ordinary Share.

On 16 December 2013, that the Board announced a funding of £1.04 million comprised of a £540,000 placing at 0.8 pence per share and entered into a £500,000 Placing and an Equity Swap Agreement with YA Global Master SPV, Ltd. ("YAGM") at 0.8 pence per share. YAGM has agreed with the Company that they will not dispose of any shares acquired under their agreement for an initial 2 month period.

On 18 December 2013, that the Board announced that the Company had now been formally released from the potential £2m liability to HSBC under a cross guarantee at no cost to the Company. This liability existed from when the Company's main historic business was the manufacturing of specialty antennas.

On 20 December 2013, that the Board announced that it had signed a Binding Term Sheet ("BTS") to buy a 7.5% interest in Horse Hill Development Ltd ("HHDL"), a special purpose company, that has the rights to a 65% participating interest and operatorship, in the high prospective UK onshore Horse Hill Oil Field in the Weald Basin.

On 15 January 2014, that the Board announced that it had reached agreement to acquire Angus Energy Eakring Development Limited ("Eakring") and Angus Energy Kirklington Development Limited ("Kirklington") which in turn own 10% interests in onshore UK Petroleum Exploration and Development Licences ("PEDLs") PEDL 118 and PEDL 203 located in Nottinghamshire in the East Midlands Petroleum Province. The operators of these PEDL's is Egdon Resources Plc ("Egdon"). The Company has the rights to increase its ownership of PEDL 118 to 20% by paying 30% of the cost of the next well to be drilled on the licence.

On 3 February 2014, that the Board announced that it had acquired a 6% interest in UK onshore oil producer Angus Energy Limited ("Angus"). Angus owns the following interests:

- Angus owns 70% of the producing Lidsey oil field, with plans to drill a new well in Q1/Q2.

Chairman's Statement

- Angus owns 60% of the producing Brockham oil field, which plans to drill a side-track well in Q1.
- Angus owns the major interest in Horse Hill Development Limited, which plans to drill a stacked oil and gas play PEDL 137 in Q2/Q3.

Angus Energy holds a full UK on-shore Operator's Licence with the UK Department of Environment and Climate Change ("DECC") and is operator of the Lidsey and Brockham oil fields and will be operator of the Horse Hill field.

Results for the period

Operating loss for the year to 30 September 2013 amounted to £2,479,000 (2012: £16,070,000 operating loss).

Outlook

The present Board considers that the adoption of the new Investing Policy is in the best interests of the Company and its Shareholders as a whole. The Board acknowledges this exciting period for the Company as it proceeds to implement its investment strategy and has already commenced acquiring new investments and continues to evaluate further investment opportunities as they arise.

The Board would like to take this opportunity to thank our shareholders for their continued support.

I look forward to reporting further progress over the next period and beyond.

David Lenigas
Chairman

27 February 2014

Directors

FOR THE YEAR ENDED 30 SEPTEMBER 2013

David Lenigas, Non-Executive Chairman

David Lenigas has extensive experience operating in global public markets having served in a senior executive capacity on many public company boards. He is currently the Executive Chairman of Rare Earth Minerals Plc, Leni Gas and Oil Plc, AfriAg Plc, Solo Oil Plc and various other AIM listed companies. He has a Bachelor of Applied Science (Mining Engineering) from Curtin University's Kalgoorlie School of Mines. Mr Lenigas has extensive operational and corporate experience in managing companies within the oil and gas, gold, coal and other natural resources sectors. Mr Lenigas is the Chairman of both the Audit and Remuneration committee.

Donald Strang, Non-Executive Director

Mr. Strang is a member of the Australian Institute of Chartered Accountants and has been in business over 20 years, holding senior financial and management positions in both publicly listed and private enterprises in Australia, Europe and Africa. Mr. Strang has considerable corporate and international expertise and over the past decade has focused on mining and exploration activities in the oil and gas and natural resources sectors. He is currently finance director for AfriAg Plc, Rare Earth Minerals Plc, and Stellar Resources Plc and involved with various other AIM listed companies.

David Wither, Non-Executive Director

Prior to joining the Company, David was a Director at RF Micro Devices Inc. with responsibility for European sales and the Bluetooth product line. He holds a Master of Science degree in Engineering Management and spent seven years as an officer with the US Army Corps of Engineers.

Report of the Directors

The Directors submit their report and the audited financial statements of UK Oil & Gas Investments PLC for the year ended 30 September 2013.

Principal Activity and Business Review

The principal activity of the Company is that of an investment holding company.

The Administration and subsequent sale of Sarantel Limited resulted in the disposal of the Group's entire Operating Business and, as such, constituted a fundamental change of business, resulting in the Company becoming an Investing Company under the AIM Rules.

Results and Dividends

The Company's financial results are set out on pages 11 to 21. The Directors do not recommend the payment of a dividend (2012: £nil). The Company has no plans to adopt a dividend policy in the immediate future.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Company involve the ability to secure funding in order to finance the acquisition and exploitation of mining opportunities and the exposure to fluctuating commodity prices.

In addition, the amount and quality of minerals available and the related costs of extraction and production represent a significant risk to the group.

Financial risk management objectives and policies

The Company's principal financial instruments are available for sale assets, trade receivables, trade payables and cash at bank. The main purpose of these financial instruments is to fund the Company's operations.

It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken. The main risk arising from the Company's financial instruments is liquidity risk. The board reviews and agrees policies for managing this risk and this is summarised below.

Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of equity and its cash resources. Further details of this are provided in the principal accounting policies, headed 'going concern'.

Key Performance Indicators

Due to the current status of the Company, the Board has not identified any performance indicators as key.

Future Developments

Future Developments are outlined in the Chairman's Statement.

Going Concern

The Directors have prepared cash flow forecasts and budgets that show that, for a period of at least twelve months from the date of signing these Financial Statements, the Company expects to have sufficient resources to continue its business. Accordingly, the Directors believe that it is appropriate to prepare the Financial Statements on a going concern basis.

Events After the Reporting Period

Events After the Reporting Period are outlined in Note 12 to the Financial Statements.

Report of the Directors

Corporate Governance

Audit and Remuneration Committees have been established and in each case comprise Donald Strang and David Lenigas.

The role of the Remuneration Committee is to review the performance of the executive Directors and to set the scale and structure of their remuneration, including bonus arrangements. The Remuneration Committee also administers and establishes performance targets for the Group's employee share schemes and executive incentive schemes for key management. In exercising this role, the terms of reference of the Remuneration Committee require it to comply with the Code of Best Practice published in the Combined Code.

The Audit Committee is responsible for making recommendations to the Board on the appointment of the auditors and the audit fee, and receives and reviews reports from management and the Company's auditors on the internal control systems in use throughout the Group and its accounting policies.

Suppliers' Payment Policy

It is the Group's policy to agree appropriate terms and conditions for its transactions with suppliers by means ranging from standard terms and conditions to individually negotiated contracts and to pay suppliers according to agreed terms and conditions, provided that the supplier meets those terms and conditions. The Group does not have a standard or code dealing specifically with the payment of suppliers.

Trade payables at the year end all relate to sundry administrative overheads and disclosure of the number of days purchases represented by year end payables is therefore not meaningful.

Charitable Contributions

During the year the Group made charitable donations amounting to £Nil (2012 - £Nil).

Substantial Shareholdings

As at 27 February 2014, the Company had been notified of the following substantial shareholdings in the ordinary share capital:

	Number of Ordinary Shares	Holding %
Ferlim Nominees Limited	109,954,241	13.6
Redmayne (Nominees) Limited	108,510,000	13.4
David Lenigas	73,333,334	9.1
Donald Strang	73,333,334	9.1
KAS Nominees Limited	61,955,000	7.7
Fitel Nominees Limited	58,839,069	7.3
HSBC Global Custody Nominee (UK) Limited	53,291,670	6.6
Marsden Resources Limited	43,333,334	5.4
Nivalis Capital Limited	33,333,333	4.1
Beaufort Nominees Limited	32,205,201	4.0

Directors

The Directors who held office during the year and up to the date of this report are given below:

David Lenigas (Non-executive Chairman) (appointed 26 November 2013)

Donald Strang (Non-executive Director) (appointed 26 November 2013)

David Wither (Non-executive Director)

Geoff Shingles (resigned 26 November 2013)

Oliver Leisten (resigned 26 November 2013)

Nicola Malyon (resigned 26 November 2013)

John Uttley (resigned 10 April 2013)

Philip David (resigned 26 November 2013)

Report of the Directors

Directors' Shareholdings

The Directors' shareholdings in the Company as at the date of this report are as follows:

	Number of Ordinary Shares	Holding %
David Lenigas	73,333,334	9.1
Donald Strang	73,333,334	9.1
David Wither	460,008	0.1

Auditor

A resolution to reappoint Chapman Davis LLP as auditor will be proposed at the forthcoming Annual General Meeting ("AGM").

Annual General Meeting

Notice of the forthcoming Annual General Meeting will be enclosed separately.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. The Directors have prepared the Company accounts in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to Disclosure of Information to the Auditor

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

ON BEHALF OF THE BOARD

David Lenigas
Director
27 February 2014

Report of the Independent Auditor to the Members of UK Oil & Gas Investments PLC

We have audited the financial statements of UK Oil & Gas Investments PLC for the year ended 30 September 2013 which comprise the profit and loss account, the balance sheet, the cashflow statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 8 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Keith Fulton
Senior Statutory Auditor
for and on behalf of Chapman Davis LLP
Statutory Auditor, Chartered Accountants
London

27 February 2014

Profit and Loss Account for year ended 30 September 2013

	Note	2013 £'000	2012 £'000
Turnover	1	-	-
Cost of sales		-	-
Gross profit		-	-
Administration costs		249	33
Losses on disposal of subsidiary	6	2,230	16,040
Total operating costs		2,479	16,073
Operating loss on ordinary activities before interest and taxation	2	(2,479)	(16,073)
Finance revenue		-	3
Loss on ordinary activities before taxation		(2,479)	(16,070)
Tax on loss on ordinary activities	4	-	-
Loss for the financial year	10	(2,479)	(16,070)
Loss per ordinary share			
Basic and diluted loss per share (pence)	5	(0.26)	(1.94)

There were no recognised gains or losses other than the loss for the financial year.

All the activities of the Company are classed as continuing.

The accompanying accounting policies and notes form an integral part of these financial statements.

Balance Sheet

as at 30 September 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Investment in subsidiary undertaking	6	-	2,076
		-	2,076
Current assets			
Debtors	7	-	-
Cash at bank and in hand		-	-
		-	-
Creditors: Amounts falling due within one year	8	(121)	(7)
Net current liabilities		(121)	(7)
Net liabilities		(121)	2,069
Capital and reserves			
Called up share capital	9	11,595	11,318
Share premium account	10	19,039	18,969
Share scheme reserve	10	866	848
Warrant reserve	10	-	76
Profit and loss reserve	10	(31,621)	(29,142)
Total shareholders' deficit	11	(121)	2,069

These financial statements were approved by the Board of Directors on 27 February 2014 and are signed on its behalf by:

David Lenigas
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

Cash Flow Statement

For the year ended 30 September 2013

	Year ended 30 September 2013 £'000	Year ended 30 September 2012 £'000
Cash flow from operating activities		
Loss before taxation	(2,479)	(16,073)
Losses on disposal of subsidiary	2,230	16,040
(Increase) in trade and other receivables	-	-
Increase in trade and other payables	114	3
Net cash (outflow) from operating activities from continuing operations	(135)	(30)
Cash flows from investing activities		
Finance revenue	-	3
Loan advanced to subsidiary	(136)	(479)
Net cash outflow from investing activities	(136)	(476)
Cash flows from financing activities		
Proceeds from issue of share capital	277	-
Share issue costs	(6)	-
Net cash inflow from financing activities	271	-
Net change in cash and cash equivalents	-	(506)
Cash and cash equivalents at beginning of period	-	506
Cash and cash equivalents at end of period	-	-

Notes to the Financial Statements

Basis of Accounting

The financial statements have been prepared in accordance with applicable UK Accounting Standards and under the historical accounting rules. Since the disposal of the operating subsidiary, as referred to below, is treated as having been effective as from the date of Administration which occurred prior to the year-end, the financial statements are for the Company only and accordingly, the directors have taken the opportunity to present these in accordance with UK Accounting Standards rather than International Accounting Standards as previously adopted in the prior year period.

The principal accounting policies of the Company have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of Preparation

UK Oil & Gas Investments Plc (the Company changed its name from Sarantel Group Plc by resolution on 25 November 2013) is a company incorporated in the United Kingdom.

The Administration and subsequent sale of Sarantel Limited resulted in the disposal of the Company's and the Group's entire Operating Business and, as such, constituted a fundamental change of business, resulting in the Company becoming an Investing Company under the AIM Rules. In accordance with Rule 15 of the AIM Rules the Company restated its Investing Policy and obtained approval from the Shareholders of the Investing Policy going forward at a General Meeting on 25 November 2013, at which Shareholders also approved a refinancing of the Company, a capital reorganisation.

The directors believed this option was in the best interest of shareholders, and enabled the Company to remain a going concern, and therefore the financial statements do not include any adjustments that would result if the going concern basis of preparation was not appropriate.

Investments

Investments are included at cost less amounts written off.

Share based payments

As the Company grants options over its own shares to the employees of its subsidiaries it recognises an increase in the cost of investment in its subsidiaries equivalent to the equity settled share based payment charge recognised in its subsidiary's financial statement with the corresponding credit being recognised directly in equity.

The Company has also issued warrants to subscribe for A Ordinary Shares in UK Oil & Gas Investments PLC which are valid for an agreed term.

The Company previously operated a Group share option scheme and a Long Term Incentive Plan under which certain employees and Directors of the Company and its subsidiaries had been granted options to subscribe for shares in Sarantel Group PLC (as the company was then named).

The Company has also issued warrants to subscribe for A Ordinary Shares in Sarantel Group PLC which are valid for an agreed term.

Where employees were rewarded using share based payments, the fair value of employees' services were determined indirectly by reference to the fair value of the instrument granted to the employee. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Groups estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. This policy also applies to warrants that give the right to subscribe for shares at an agreed price, which have been granted in return for services rendered or to be rendered by third parties.

Fair value is measured by use of the Black Scholes model. 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.

All equity share based payments were ultimately recognised as an expense in the profit and loss account with a corresponding credit to "share scheme reserve" or warrant reserve.

Notes to the Financial Statements

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital and, where appropriate, share premium.

Where modifications to the terms and conditions on which equity instruments were granted lead to an increase in the fair value of the unvested share-based payment arrangement, the difference in the fair value immediately before the modification and immediately after the modification are charged to the profit and loss account over the remaining vesting period.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities.

Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

Trade creditors

When a financial liability is recognised initially, an entity measures it at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

After initial recognition, an entity measures all financial liabilities at amortised cost using the effective interest method.

Related parties

The Company has a related party relationship with its Board of Directors (see the Remuneration and Nominations Committee Report).

Going Concern

The Directors note the substantial losses that the Company has made for the Year ended 30 September 2013. The Directors have prepared cash flow forecasts for the period ending 31 March 2015 which take account of the current cost and operational structure of the Company. The cost structure of the Company comprises a high proportion of discretionary spend and therefore in the event that cash flows become constrained, costs can be quickly reduced to enable the Company to operate within its available funding.

These forecasts demonstrate that the Company has sufficient cash funds available to allow it to continue in business for a period of at least twelve months from the date of approval of these financial statements. The Company has also raised £1,390,000 cash through placements of equity after 30 September 2013, which has placed the Company in a positive position to enact its investing policy, and also to address the negative net assets on the Balance Sheet at the reporting date.

Accordingly, the financial statements have been prepared on a going concern basis.

Notes to the Financial Statements

1. Turnover & Segmental Reporting

The Company was an investment holding company with no turnover during the financial year.

Following the disposal of the Company's major trading business subsidiary in 2013 the Company is now operating as a single UK based segment, represented as continuing operations in the income statement. The single reporting entity's primary activity is to invest in businesses so as to generate a return for the shareholders. The revenue from this segment, generated in the UK, was £nil (2012 - £nil).

2. Operating Loss

Operating loss is stated after charging:

	2013	2012
	£'000	£'000
Auditor's fees:		
Audit	32	14
Other compliance services	5	7
Tax compliance	6	7

3. Directors and Employees

The company employs the services of 2 non-executive Directors (2012: 2).

Remuneration in respect of these non-executive Directors were:

	2013	2012
	£'000	£'000
Wages and salaries	18	30
Social security costs	2	2
	20	32

The amounts set out above include remuneration in respect of the directors' are as follows:

	2013	2012
	£'000	£'000
Geoff Shingles (as per note 15)	20	-
David Wither	-	-
Dr Oliver Leisten	-	-
Nicola Malyon	-	-
John Uttley	8	15
Philip David	10	15
Total Directors Emoluments	38	30

4. Tax on profit on ordinary activities

There is no tax credit on the loss for the current or prior period. The tax assessed for the period differs from the standard rate of corporation tax in the UK as follows:

	2013	2012
	£000	£000
Loss for the year before tax	(2,479)	(16,070)
Tax rate	23/24%	24/26%
Expected tax credit	(582)	(4,017)
Differences between capital allowances and depreciation	-	-
Expenses not deductible for tax purposes	582	4,017
Deferred tax asset not recognised	-	-
Actual tax expense	-	-

Notes to the Financial Statements

5. Loss per share

The calculation of the basic loss per share is calculated by dividing the consolidated loss attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Year ended 30 September 2013 £'000	Year ended 30 September 2012 £'000
(Loss) attributable to ordinary shareholders	(2,479)	(16,070)
	Number	Number
Weighted average number of ordinary shares for calculating basic loss per share	966,992,986	830,476,331
	Pence	Pence
Basic and diluted loss per share	(0.26)	(1.94)

The impact of the share options and warrants are anti dilutive.

6. Investments

Shares in subsidiary undertakings

	2013 £'000	2012 £'000
Cost and net book amount		
At 1 October 2012	2,076	3,809
Increase in share scheme reserve	18	120
Disposal/Impairment	(2,094)	(1,853)
At 30 September 2013	-	2,076

Losses on disposal of subsidiary:

	2013 £'000	2012 £'000
Investment in subsidiary undertaking written off	2,094	1,853
Loan to subsidiary undertaking written off	136	14,187
Total losses charged to profit & loss account	2,230	16,040

At 30 September 2013, the Company no longer had control of its subsidiary undertaking, Sarantel Ltd. Consequently, the carrying value has been treated as fully impaired and subsequently disposed of.

On 13 June 2013, the Board of the Company, announced that it had appointed an administrator to Sarantel Ltd, the operating subsidiary of the Company, after a demand for the repayment of the secured £2million HSBC loan facility. This resulted in the disposal of the Company's entire interest in the subsidiary, and operating business, with no recovery of loans to/or investment in the subsidiary for the Company, thus the entire value of the investment in, and loan to have been fully written-off.

The Company was formerly released from the secured £2million liability, noted above, on 18 December 2013.

Notes to the Financial Statements

7. Debtors

	2013 £'000	2012 £'000
Amounts owed by group undertakings	-	11,732

Amounts due from Group undertakings are no longer recoverable.

Reconciliation of bad debt provision

	2013 £'000	2012 £'000
Opening provision	11,732	-
Provision made in year	-	11,732
Reversal of previous year provision	(11,732)	-
Closing provision	-	11,732

8. Creditors: Amounts Falling Due Within One Year

	2013 £'000	2012 £'000
Trade creditors	107	-
Other taxation and social security	1	4
Other creditors	-	3
Accruals and deferred income	13	-
	121	7

9. Share capital

Allotted, called-up and fully paid:

	2013		2012	
	Number	£'000	Number	£'000
A ordinary shares of £0.001 each	1,107,117,869	1,107	829,439,991	829
B ordinary shares of £0.001 each	183,902	-	1,036,340	1
Deferred shares of £0.001 each	10,487,624,769	10,488	10,487,624,769	10,488
	11,594,926,540	11,595	11,318,101,100	11,318

The Company has two classes of ordinary shares and one class of deferred shares, none of which carry any right to fixed income. There are no restrictions on distribution of dividends or repayment of capital on the ordinary shares.

The A ordinary shares and B ordinary shares rank pari passu in all respects except that the holders of B ordinary shares are only entitled to receive 10 clear days notice from the directors requiring payment of any moneys unpaid on their shares, whereas the holder of A ordinary shares are entitled to 14 clear days' notice. On the first transfer, assignment or other disposal, a B ordinary share is automatically re-designated and becomes an A ordinary share and ranks pari passu in all respects with the existing A ordinary shares in the share capital of the company.

Allotments during the year

On 3 April 2013 the Company issued 276,825,440 A ordinary shares at a price of 0.1 pence per share.

On 23 April 2013 the Company converted 852,438 B ordinary shares at a price of 0.1 pence per share into A Ordinary shares at a price of 0.1 pence per share. (as per the Articles of association)

Notes to the Financial Statements

9. Share capital (continued)

Deferred shares

The deferred shares have:

- No voting rights
- No entitlement to attend general meetings of the Company
- Not been admitted to AIM or any other market
- Only a priority right to participate in any return of capital to the extent of £1 in aggregate over the class
- Only a priority to participate in any dividend or other distribution to the extent of £1 in aggregate over the class

Share Options

The Company had as at 30 September 2013, 82,970,045 share options issued through its share schemes. However as a result of the disposal of the subsidiary, and the resignation of the existing directors, all of these options are due to lapse/forfeit on or before 26 May 2014, in accordance with their terms and conditions.

As a result of the above, 20,241,237 options lapsed on 15 December 2013, with the remainder all due to lapse on 26 May 2014. Therefore the disclosure of Weighted Average Exercise Prices, and Weighted Average Contractual Life analysis is not viewed as informative and has accordingly not been disclosed.

No new options were issued, exercised, or cancelled during the year to 30 September 2013.

Warrants

On 14 June 2011, warrants to subscribe for 5,000,000 A Ordinary Shares were granted to Darwin Strategic Ltd in consideration of an Equity Financing facility. These warrants are exercisable at a subscription price of 1 pence at any time up to three years from date of grant.

On 28 April 2008, warrants to subscribe for 1,776,029 Ordinary Shares were granted to John East and Partners as part payment for services rendered. These warrants were exercisable at a subscription price of 3 pence at any time up to five years from the date of grant, and have now lapsed. This results in a reserve transfer for £76,000 from the warrant reserve to the share premium account, as per Note 10.

10. Reserves

	Warrant reserve £'000	Share scheme reserve £'000	Share premium account £'000	Retained loss £'000
At 1 October 2012	76	848	18,969	(29,142)
Loss for the year	-	-	-	(2,479)
Share issue costs	-	-	(6)	-
Increase in employee share scheme reserve	-	18	-	-
Warrants lapsing	(76)	-	76	-
At 30 September 2013	-	866	19,039	(31,621)

11. Reconciliation of movement in equity shareholders' funds

	2013 £'000	2012 £'000
Loss for the year	(2,479)	(16,070)
Issue of new shares net of expenses	271	-
Employee share scheme reserve	18	120
(Decrease) in shareholders' funds	(2,190)	(15,950)
Opening shareholders' equity funds	2,069	18,019
Closing shareholders' equity funds	(121)	2,069

Notes to the Financial Statements

12. Events after the reporting date

On 4 October 2013, the Company announced that the administrators of its subsidiary Sarantel Limited, had entered into a sale agreement on 2 October 2013 for the sale of Sarantel Limited's business and assets for an undisclosed sum.

On 25 November 2013, the Company held a General Meeting, at which all of the following were passed;

- David Lenigas and Donald Strang were appointed directors of the Company.
- Oliver Leisten, Philip David, Nicola Malyon and Geoff Shingles resigned as directors of the Company.
- Issue of 500million A Ordinary Shares of 0.03p each, raising £150,000 gross proceeds.
- Capital re-organisation of the existing share structure;
 - (a) each of the issued A Ordinary Shares of 0.1p will be subdivided and redesignated into one A ordinary share of 0.001p each and ninety nine New Deferred Shares then every ten new A ordinary shares of 0.001p each in issue will be consolidated into one New A Ordinary Share;
 - (b) each of the issued B Ordinary Shares of 0.1p will be subdivided and redesignated into one B ordinary share of 0.001p each and ninety nine New Deferred Shares then every ten new B ordinary shares of 0.001p each in issue will be consolidated into one New B Ordinary Share; and
 - (c) each of the issued Deferred Shares will be subdivided and redesignated into one hundred New Deferred Shares.

The rights attaching to the New A Ordinary Shares and New B Ordinary Shares will, apart from the change in nominal value and the entitlement of Shareholders in respect of a return of capital arising from them, be identical in all respects to those of the existing A Ordinary Shares and the existing B Ordinary Shares, respectively.

The New Deferred Shares will have the same rights as the existing Deferred Shares. That is the New Deferred Shares will have no voting rights and will not carry any entitlement to attend general meetings of the Company; nor will they be admitted to AIM or any other market. They will carry only a priority right to participate in any return of capital to the extent of £1 in aggregate over the class. In addition, they will carry only a priority right to participate in any dividend or other distribution to the extent of £1 in aggregate over the class. In each case a payment to any one holder of New Deferred Shares shall satisfy the payment required. The Company will be authorised at any time to effect a transfer of the New Deferred Shares without reference to the holders thereof and for no consideration. Accordingly the New Deferred Shares will (like the existing Deferred Shares), for all practical purposes, be valueless and it is the Board's intention, at an appropriate time, to have the New Deferred Shares cancelled, whether through an application to the Companies Court or otherwise.

On 28 November 2013, the Company issued 30 million options over ordinary shares, with an exercise price of 0.4p per share, expiring 7 years from the date of grant.

On 5 December 2013, the Company changed its name to UK Oil & Gas Investments Plc, and placed 66,666,666 "A" Ordinary shares at a price of 0.3p per share, and issued one Warrant for every placing share. The Warrants can be exercised anytime up to 31 December 2014 at an exercise price of 0.35p per share.

On 16 December 2013, the Company raised £540,000 before expenses, by way of a placing of 67,500,000 new ordinary shares at a price of 0.8 pence per share, and has entered into a £500,000 Placing and an Equity Swap Agreement with YA Global Master SPV, Ltd. ("YAGM") at 0.8 pence per share. YAGM has agreed with the Company that they will not dispose of any shares acquired under their agreement for an initial 2 month period

On 20 December 2013, the Company announced it had signed a Binding Term Sheet ("BTS") to buy a 7.5% interest in Horse Hill Development Ltd ("HHDL"), a special purpose company that has the rights to a 65% participating interest and operatorship, in the high prospective UK onshore Horse Hill Oil Field in the Weald Basin. The consideration for the 7.5% interest in HHDL shall be paid as follows:

1. UKOG will immediate pay HHDL £10,000 towards the cost of the Horse Hill-1 Well.
2. On completion of all necessary legal documentation within 30 days, UKOG will make a further payment of £50,000 to HHDL towards the cost of the Well.
3. UKOG shall bear a further total sum of £390,000 of cash calls for the drilling of the Well to be drilled on the Horse Hill Licence to own a 7.5% interest in HHDL.

Notes to the Financial Statements

12. Events after the reporting date (continued)

On 15 January 2014, the Company reached agreement to acquire Angus Energy Eakring Development Limited ("Eakring") and Angus Energy Kirklington Development Limited ("Kirklington") which in turn own 10% interests in onshore UK Petroleum Exploration and Development Licences ("PEDLs") PEDL 118 and PEDL 203 located in Nottinghamshire in the East Midlands Petroleum Province. The operator of these PEDL's is Egdon Resources Plc ("Egdon"). UKOG has the rights to increase its ownership of PEDL 118 to 20% by paying 30% of the cost of the next well to be drilled on the licence. The total aggregate consideration for Eakring-Dukes Wood and Kirklington is £290,000, comprising a cash sum of £140,000 and the issue of 18,750,000 ordinary shares to a market value of £150,000 (equivalent to a price of 0.8p per share) and will be escrowed for a period of 3 months once issued.

On 3 February 2014, the Company has acquired a 6% interest in UK onshore oil producer Angus Energy Limited ("Angus"). The consideration will be £368,000 to be satisfied by the issue of 46 million new A ordinary shares of 0.01p each in UKOG ("new Ordinary Shares") at a price of 0.8p per share, to be escrowed for a period of 3 months once issued.

13. Contingent Liabilities

There were no contingent liabilities at 30 September 2013 or at 30 September 2012.

14. Capital Commitments

There were no capital commitments at 30 September 2013 or at 30 September 2012.

15. Related Party Transactions

Geoff Shingles, a former director of the Company, invoiced his fees through Geoff Shingles Partnership ("GSP"). From 8 May 2007, GSP agreed to reduce their fee until such time as the company was trading satisfactorily. During the year, the total amount payable to GSP was £20,000 (2012: £30,000 paid by subsidiary) and the amount outstanding at 30 September 2013 was £13,000 (2012: £9,000).