ROCKROSE ENERGY PLC

ANNUAL REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2016

ROCKROSE ENERGY PLC

COMPANY INFORMATION

Directors	A P Austin R A Benmore J A Morrow
Company secretary	Cooley Services Limited
Company number	09665181
Registered office	C/O Cooley (UK) LLP Dashwood House 69 Old Broad Street London EC2M 1QS
Accountant	Price Bailey LLP 7th Floor Dashwood House 69 Old Broad Street London EC2M 1QS
Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Bankers	Metro Bank One Southampton Row London WC1B 5HA

ROCKROSE ENERGY PLC

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STRATEGIC REPORT

Strategic report

A RockRose is a plant that grows in harsh environments with minimal external support. Creating an energy company that is equipped to do business in the harsh environment of sub $50 oil with a minimal cost base was the strategy behind the establishment of RockRose Energy Plc ('the Company') in 2015.

After listing as an acquisition vehicle on the London Stock Exchange in January 2016, the Company has evaluated more than 35 opportunities. These have ranged from onshore production assets to pipelines and electricity generating assets. The focus is on mature cash producing assets in politically stable geographies, particularly the UK.

In September 2016 the Company announced that it had agreed a heads of terms with Maersk Oil North Sea UK Ltd for a package of UK based production assets and subsequently signed a sales and purchase agreement in December 2016. Following partner pre-emption and approval RockRose is now acquiring a 5.16% interest in the Scott field and a 2.36% interest in the Telford field. Both Fields are operated by Nexen Petroleum. Following extensive due diligence and rising oil prices since the commercial terms of the deal were struck, the Company sees the potential for significant upside through improving production following recent drilling activity and extending the field life.

Subsequent to 31 December 2016, RockRose has also agreed to acquire the entire share capital of Egerton Ventures Ltd, which holds a 8.33% interest in the Mordred field and a 27.8% interest in the Galahad field. Both assets are operated by Perenco and are near cessation in production. However again, the Company sees upside in the potential delay in decommissioning from enhanced production and hydrocarbon prices.

Rockrose is committed to minimising the overheads and administrative costs of running the assets, using a small executive team and purchasing other services as required.

Looking forward, RockRose continues to evaluate other complementary acquisitions, with the aim of building a material energy business that is equipped to flourish in the prevailing harsh hydrocarbon price environment. In short, Opportunities… Enhanced.

Financial Review

At 31 December 2016 the Group had net assets of £2.2 million. The main costs incurred in the 18 month period since incorporation of the Company in July 2015 have been the costs of listing. Since listing on the London Stock Exchange there have also been costs in evaluating various acquisition opportunities. The costs of operating the business have been as anticipated at the time of listing in January 2016. During the period, minimising Administrative Expenses was the key KPI for the Company.

Risks and uncertainties

During the period while the Company was sourcing acquisition opportunities risks and uncertainties were limited. Now that an acquisition has been agreed a wider range of risks and uncertainties exist. These include (but are not limited to) changes in exchange rates, commodity prices, government legislative changes, environmental regulation and operator performance. The timing of cessation of production on the assets to be acquired and the subsequent costs of decommissioning may also have a significant impact on the Company.

The board of directors is committed to monitoring and managing these risks on behalf of shareholders.

A. P. Austin
On behalf of the Board
31 March 2017

ROCKROSE ENERGY PLC

DIRECTORS' REMUNERATION REPORT

Directors' remuneration policy.

In 2017, the Company intends to form a Remuneration Committee to set clear objectives for each individual Director relating to Company KPIs plus individual and strategic targets taking into account where an individual has particular influence and responsibility.

The Company's policy is to maintain levels of remuneration sufficient to attract, motivate and retain senior executives of the highest calibre who can deliver growth in shareholder value. Executive Director remuneration currently consists of basic salary and benefits. It is envisaged that an annual bonus, and long term incentives will be introduced in line with the Company's expansion. The Company will seek to strike an appropriate balance between fixed and performance-related reward so that the total remuneration package is structured to align a significant proportion to the achievement of performance targets, reinforcing a clear link between pay and performance. The performance targets for staff, senior executives and the Executive Directors will be each aligned to the key drivers of the business strategy, thereby creating a strong alignment of interest between staff, Executive Directors and shareholders.

The Board will continue to review the Company's remuneration policy and make amendments, as and when necessary, to ensure it remains fit for purpose and continues to drive high levels of executive performance and remains both affordable and competitive in the market.

Future Policy Table

As mentioned above it is the Company's intention to form a Remuneration Committee. Where the term "Board" is mentioned in the following table the responsibility will be assumed by the Remuneration Committee once formed.

<u>Element of reward –Base Salary</u>

Purpose and Link to Strategy	To provide fixed remuneration to • help recruit and retain key individuals; • reflect the individual's experience, role and contribution within the Company.
Operation	The Board takes into account a number of factors when setting salaries, including: • scope and complexity of the role • the skills and experience of the individual • salary levels for similar roles within the industry • pay elsewhere in the Company Salaries are reviewed, but not necessarily increased, annually with any increase usually taking effect in January.
Performance conditions	None
Maximum opportunity	The current base salary of the Directors can be found in the Directors' Remuneration section. Salary increases are normally made with reference to the average increase for the Company's wider employee population. The Board retains discretion to make higher increases in certain circumstances, for example, following an increase in the scope and/or responsibility of the role or the development of the individual in the role or by benchmarking.

Element of reward – Other benefits

Purpose and Link to Strategy	To provide a basic benefits package
Operation	The Company provides Executive Directors with medical insurance for themselves and their family
Performance conditions	None
Maximum opportunity	Maximum opportunity will be whatever it costs to provide the benefit.

Element of reward – Annual Bonus

Purpose and Link to Strategy	To incentivise and reward the achievement of annual financial, operational and individual objectives which are key to the delivery of the Company's short-term strategy.
Operation	Executive Directors and staff are eligible to participate in a discretionary bonus plan. • The Board will determine on an annual basis the level of deferral, if any, of the bonus payment into Company shares. • Maximum bonus levels and the proportion payable for on target performance are considered in the light of market bonus levels for similar roles among the industry sector. • Bonuses are not pensionable. • Objectives are set annually to ensure that they remain targeted and focused on the delivery of the Company's short-term goals which will usually be based on the annual budget • The Board sets targets which require appropriate levels of performance, taking into account internal and external expectations of performance • As soon as practicable after the year-end, the Board meets to review performance against objectives and determines payout levels. • In terms of bonus targets a balanced scorecard approach is operated which focuses on a mixture of strategic, operational, financial and non-financial metrics. Examples of financial measures will include net sales and net profit targets. Financial measures will typically represent the majority of the bonus with other, non-financial measures representing the balance.
Performance conditions	• At least 50% of the award will be assessed against Company metrics including operational, financial and non-financial performance. The remainder of the award will be based on performance against individual objectives. • A sliding scale of between 0% and 100% of the maximum award is paid dependent on the level of performance.
Maximum opportunity	The maximum potential bonus entitlement for Executive Directors under the plan is up to 150% of base salary.

Element of reward – Long Term Incentive Plan (LTIP)

Purpose and Link to Strategy	• To incentivise and reward the creation of long-term shareholder value. • To align the interests of the Executive Directors with those of Shareholders.
Operation	Under the terms of the non-tax advantaged share option pan (the "**Share Option Plan**"), the Board may issue options over shares up to 15% of the issued share capital of the Company from time to time. Directors and employees are eligible for awards. • The exercise of options may be subject to the satisfaction of such performance conditions, if any, as may be specified and subsequently varied and/or waived by the Board. • The Board determines on an annual basis, and from time to time as needed (i.e., new employee or promotion), the type of awards to be granted to executives and other employees under the plan.
Performance conditions	Vesting of the awards is dependent on financial, operational and/or share price measures, as set by the Board, which are aligned with the long-term strategic objectives of the Company. The relevant performance conditions will be set by the Board on the award of each grant but will include a mixture of strategic, operational, financial and non-financial metrics. In respect of the option granted to Andrew Austin (details of which are set out in the Remuneration Report) the following performance conditions must also be satisfied before his option may be exercised: • the Company must have completed at least one acquisition resulting in the market capitalisation of the Company increasing by at least 500 per cent from Initial Admission based on a starting price of 50p per Ordinary Share; • the option may not be exercised at a time when, in the opinion of the remuneration committee there has been public criticism by any appropriate regulatory authority of the Company's operations or those of any of its subsidiaries which results in a material negative impact on the business of the Company
Maximum opportunity	No one eligible person (individually or deemed to be acting in concert with other persons for the purposes of the City code including shares already held) can exceed 29.9% of the Company's issued share capital.

Notes on Table

The Board may make minor amendments to the Policy set out above for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation without obtaining Shareholder approval for that amendment. Any major changes will be put to a shareholder vote at the next AGM or an EGM.

Policy on payment for loss of office
In the event that the employment of an Executive Director is terminated, any compensation payable will be determined in accordance with the terms of the service contract between the Company and the employee, as well as the rules of any incentive plans. Notice periods are set at up to a maximum of twelve months by either party.

The Company considers a variety of factors when considering leaving arrangements for an Executive Director, including individual and business performance, the obligation for the Director to mitigate loss (for example by gaining new employment) and other relevant circumstances (e.g. ill health).
If the Executive Director’s employment is terminated by the Company, the Executive Director may receive a time pro-rated bonus to the period worked subject to performance in that period, subject to Board discretion.
The treatment of outstanding share awards is governed by the relevant share plan rules. The following table summarises the leaver provisions of share plans under which Executive Directors may currently hold awards.

Leaving Event	Time period	Conditions
Injury, disability, ill-health, redundancy	Option may be exercised within 6 months of leaving.	Exercise and time vesting provisions per the option certificate. Board can waive if satisfied that such waiver is not rewarding failure.
Death	Option may be exercised by personal representatives within 6 months of death.	Exercise and time vesting provisions per the option certificate. Board can waive if satisfied that such waiver is not rewarding failure.
Employing company transferred out of group.	Option may be exercised within 6 months of transfer.	Exercise and time vesting provisions per the option certificate. Board can waive if satisfied that such waiver is not rewarding failure.
Resignation or any other reason not mentioned above.	Lapse of option unless Board exercises discretion to allow exercise of option in which case 6 months of leaving/notice.	If allowed to exercise; Exercise and time vesting provisions per the option certificate. Board can waive if satisfied that such waiver is not rewarding failure.

Recruitment policy

In determining remuneration for new appointments to the Board, the Board will consider all relevant factors including, but not limited to, the calibre of the individual and their existing package, the external market and the existing arrangements for the Company’s current Executive Directors, with a view that any arrangements offered are in the best interests of the Company and shareholders and without paying any more than is necessary.

Where the new appointment is replacing a previous Executive Director, salaries and total remuneration opportunity may be higher or lower than the previous incumbent. If the appointee is expected to develop into the role, the Board may decide to appoint the new Executive Director to the Board at a lower than typical salary. Larger increases (above those of the wider employee population) may be awarded over a period of time to move closer to market level as their experience develops.

Benefits and other elements of remuneration will normally be limited to those outlined in the remuneration policy table above. However, additional benefits may be provided by the Company where the Board considers it reasonable and necessary to do so.

It is expected that the structure and quantum of the variable pay elements would reflect those set out in the policy table above. However, the Board recognises that, as an independent oil and gas company, it is competing with global firms for its talent. As a result, the Board considers it important that the recruitment policy has sufficient flexibility in order to attract the calibre of individual that the Company requires to grow a successful business. The Company recognises that in many cases, an external appointee may forfeit significant cash bonuses and/or share awards from a prior employer. The Board believes that it needs the ability to compensate new hires for bonuses and/ or incentive awards lost on joining the Company. The Board will use its discretion in settling any such compensation, which will be decided on a case-by-case basis, provided that in no event shall such compensation exceed the value of compensation forfeited by the external appointee, as confirmed by the appointee in a written agreement with the Company.

Directors' Remuneration (audited)

Andrew Austin is currently the only Executive Director and is employed under a service agreement which was initially capable of termination by either party giving three months' notice in writing. This period automatically extends to 12 months on completion of an Acquisition.

The Non-executive Directors are employed under rolling contracts with notice periods of three months, under which they are not entitled to any pension, benefits or bonuses.

Directors' emoluments for the period were as follows:

18 months ended 31 December 2016

	Salary	Taxable Benefits	Bonus	Pension	Total
A P Austin	£145,000	£4,926	Nil	Nil	£149,926
R A Benmore	£35,000	Nil	Nil	Nil	£35,000
J A C Morrow	£35,000	Nil	Nil	Nil	£35,000

Benefits provided to Mr. Austin are the provision of medical insurance for himself and his family.

Scheme interests awarded during the period (audited)

Unapproved Share Option Plan

	Date of Grant	Granted	Face Value (1)	Exercise Price	Exercised	Waived/ Lapsed	Earliest Vesting Date	Lapse Date	Performance Criteria
A P Austin	22/12/2015	1,000,000	£500,000	50p	Nil	Nil	22/12/2018*	13/01/2022	Time based Vesting

1. The share price on date of grant was 50p based on the admission price of 50p.

The option is to acquire up to 10% of the issued share capital. As at the date of the grant this was 1,000,000 shares but it may increase to include any issue of shares after the date of grant subject to the earlier of;

- the date falling on the third anniversary of admission.
- the market capitalisation of the Company first becomes or exceeds £100 million.

*****The shares shall vest in three tranches of 33% on the third anniversary of grant, 33% on the fourth anniversary of grant and 34% on the fifth anniversary of grant, subject to a completion of at least one acquisition resulting in the market capitalisation of the Company increasing by at least 500% (the starting measure being the price at admission of 50p per share), save as to they may become 100% exercisable in the event of a takeover or liquidation (Rule 11 of the plan).

The expense to the income statement for the period was £76,895.

The Directors' interests for disclosure purposes in the voting rights attaching to the Company's shares at 31 December 2016 were as follows (audited):

31 December 2016, Ordinary 20p Shares

	Number	%
A P Austin	1,995,002	19.95
R A Benmore	150,000	1.5
J A C Morrow	160,000	1.6

A P Austin also holds certain options as disclosed above.

Payments to past directors (audited)

In the period there were no payments to past directors.

Payments for loss of office (audited)

No payments were made to directors for loss of office in the period.

It is envisaged that a Remuneration Committee will be formed prior to the AGM to implement the Remuneration Policy.

A. P. Austin
On behalf of the Board
31 March 2017

ROCKROSE ENERGY PLC

DIRECTORS' REPORT

The directors present the audited consolidated financial statements of the Group for the period ended 31 December 2016.

Principal activity and status.

The Group's principal area of activity is the acquisition of companies or businesses in the upstream oil and gas and power sector.

A review of the business and the future developments of the Group are presented within the Strategic Report.

Dividends

No dividends have been declared or paid.

Political donations.

The Group made no political donations during the period.

Directors.

The Directors who served during the period were as follows:

A P Austin	Executive chairman appointed 1 July 2015
E J Lukins	Non-executive appointed 1 July 2015, resigned 18 December 2015
R A Benmore	Non-executive appointed 18 December 2015
J A C Morrow	Non-executive appointed 18 December 2015

Directors' indemnities and insurance.

Subject to the conditions set out in the Companies Act 2006, the Company has arranged appropriate Directors and Officers insurance to indemnify the Directors and officers against liability in respect of proceedings brought by third parties. Such provision remains in force at the date of this report.

The Company indemnifies the Directors against actions they undertake or fail to undertake as Directors or officers of any Group company, to the extent permissible for such indemnities to meet the test of a qualifying third party indemnity provision as provided for by the Companies Act 2006. The nature and extent of the indemnities is as described in Section 143 of the Company's Articles of Association as adopted on 15 November 2015. These provisions remained in force throughout the period and remain in place at the date of this report.

Substantial shareholdings

As at 31 March 2017, in addition to the Directors' interests as set out in the Remuneration Report, the Company had received notification from the following institutions of interests in excess of 3 per cent of the Company's issued Ordinary Shares with voting rights:

	Number	%
City Financial	2,000,000	20.00
Legal & General	1,000,000	10.00

The Company is not a close company as defined in the Income and Corporation Taxes Act 1988. The Company is domiciled in the UK and incorporated and registered in England.

Corporate governance

In order to implement its business strategy, the Company has adopted a corporate governance structure which is fit for purpose for this stage of the Company's life cycle. This includes a three-member board, with two independent non-executive Directors.

Until a major asset acquisition is made the Company will not have nomination, remuneration, audit or risk committees. The Board as a whole reviews its size, structure and composition, the scale and structure of Directors' fees (taking into account the interests of shareholders and the performance of the Company) takes responsibility for the appointment of auditors and payment of their audit fee, monitors and reviews the integrity of the Company's financial statements and takes responsibility for any formal announcements on the Company's financial performance. Following a major asset acquisition the Board intends to put in place nomination, remuneration, audit and risk committees.

The Board has established the corporate governance values of the Company and has overall responsibility for setting the Company's strategic aims, defining the business plan and strategy and managing the financial and operational resources of the Company. Overall supervision, acquisition, divestment and other strategic decisions are considered and determined by the Board. The Board held four meetings in the period to 31 December 2016.

Mr Austin, in addition to acting as Chairman, is the Director charged with day-to-day responsibility for the implementation of the Company's acquisition strategy. Mr Austin is supported by service providers as required.

The Board intends to comply, so far as it is practicable, with certain Main Principles of the UK Corporate Governance Code. Since incorporation compliance with the provisions of the Model Code is being undertaken on a voluntary basis, as the Company does not have a premium listing on the London Stock Exchange.

As at the date of this document, the Board has voluntarily adopted the Model Code for Directors' dealings contained in the Listing Rules of the UK Listing Authority. The Board will be responsible for taking all proper and reasonable steps to ensure compliance with the Model Code by the Directors. The FCA will not have the authority to (and will not) monitor the Company's voluntary compliance with the Model Code, nor to impose sanctions in respect of any failure by the Company to so comply.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.
Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the directors are required to:

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

ROCKROSE ENERGY PLC

DIRECTORS' REPORT

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The directors are also responsible for safeguarding the assets of the Group and 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 Group and Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

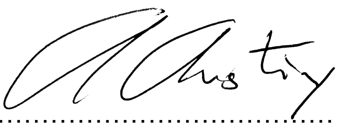
The directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's performance, business model and strategy.

Each of the directors, whose names and functions are listed in the Directors' Report confirm that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Company;
- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and loss of the Group; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.



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Andrew Austin
Executive Chairman
31 March 2017

Independent auditors' report to the members of Rockrose Energy plc

Our opinion

In our opinion:

- Rockrose Energy plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2016 and of the Group's loss and the Group's and the Company's cash flows for the 18 month period (the "period") then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Consolidated statement of financial position and Company statement of financial position as at 31 December 2016;
- the Consolidated income statement and Consolidated statement of comprehensive income for the period then ended;
- the Consolidated statement of cash flows and Company statement of cash flows for the period then ended;
- the Consolidated statement of changes in equity and Company statement of changes in equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006, and applicable law.

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

Opinions on other matters prescribed by the Companies Act 2006

In our opinion:

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on pages 10 and 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

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

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

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Richard Spilsbury (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
31 March 2017

ROCKROSE ENERGY PLC

CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2016

	Notes	Eighteen months ended 31 December 2016
		£
Administrative expenses		(1,292,584)
Exceptional items: initial public offering costs		(48,164)
Operating loss	**5**	**(1,340,748)**
Finance income		3,893
Finance costs		(2)
Loss before tax		**(1,336,857)**
Tax	**8**	-
Loss for the period and total comprehensive expense		**(1,336,857)**
Basic and diluted loss per share	**19**	**(0.2326)**

The notes on pages 21 to 34 are an integral part of these financial statements.

ROCKROSE ENERGY PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

(Registered number: 09665181)

	Notes	31 December 2016
		£
Assets		
Current assets		
Trade and other receivables	**12**	244,428
Cash and cash equivalents	**13**	2,387,968
Total assets		**2,632,396**
Current liabilities		
Trade and other payables	**14**	441,042
Total liabilities		**441,042**
Equity and liabilities		
Share capital and reserves		
Share capital	**18**	2,000,000
Share option reserve		76,895
Share premium	**18**	2,224,816
Accumulated losses		(2,110,357)
Total equity		**2,191,354**
Total equity and liabilities		**2,632,396**

These financial statements were approved by the Board of Directors on 31 March 2017 and were signed on its behalf by:

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A. P. Austin
Director

The notes on pages 21 to 34 are an integral part of these financial statements.

ROCKROSE ENERGY PLC

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

(Registered number: 09665181)

	Notes	31 December 2016
		£
Assets		
Non current assets		
Investments in subsidiaries	**10**	100
Total fixed assets		**100**
Current assets		
Trade and other receivables	**12**	934,854
Cash and cash equivalents	**13**	2,387,968
Total current assets		**3,322,822**
Total assets		**3,322,922**
Current liabilities		
Trade and other payables	**14**	441,142
Total liabilities		**441,142**
Equity and liabilities		
Share capital and reserves		
Share capital	**18**	2,000,000
Share option reserve		76,895
Share premium	**18**	2,224,816
Accumulated losses		(1,419,931)
Total Equity		**2,881,780**
Total equity and liabilities		**3,322,922**

These financial statements were approved by the Board of Directors on 31 March 2017 and were signed on its behalf by:

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A. P. Austin
Director

The notes on pages 21 to 34 are an integral part of these financial statements.

ROCKROSE ENERGY PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2016

	Share capital £	Share premium £	Accumulated Losses £	Share Option Reserve £	Total £
Cumulative loss for the period	-	-	(1,336,857)	-	(1,336,857)
Total comprehensive loss	**-**	**-**	**(1,336,857)**	**-**	**(1,336,857)**
Purchase of treasury shares			(773,500)		(773,500)
Shares issued during the period	2,000,000	2,224,816	-	76,895	4,301,711
Total transactions with owners	**2,000,000**	**2,224,816**	**(773,500)**	**76,895**	**3,528,211**
Balance at 31 December 2016	**2,000,000**	**2,224,816**	**(2,110,357)**	**76,895**	**2,191,354**

The notes on pages 21 to 34 are an integral part of these financial statements.

ROCKROSE ENERGY PLC

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2016

	Share capital	**Share premium**	**Accumulated Losses**	**Share Option Reserve**	**Total**
	£	**£**	**£**	**£**	**£**
Cumulative loss for the period	-	-	(1,419,931)	-	(1,419,931)
Total comprehensive loss	**-**	**-**	**(1,419,931)**	**-**	(1,419,931)
Shares issued during the period	2,000,000	2,224,816	-	76,895	4,301,711
					-
Total transactions with owners	**2,000,000**	**2,224,816**	**-**	**76,895**	4,301,711
					-
Balance at 31 December 2016	**2,000,000**	**2,224,816**	**(1,419,931)**	**76,895**	**2,881,780**

The notes on pages 21 to 34 are an integral part of these financial statements.

ROCKROSE ENERGY PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2016

	Notes	Eighteen months ended 31 December 2016 £
Cash flows from operating activities		
Loss for the period		(1,336,857)
Share based payments		76,895
Finance cost		2
Finance income		(3,893)
Increase in trade and other receivables		(244,428)
Increase in other trade and payables		441,040
Net cash used in operating activities		**(1,067,241)**
Cash flows from investing activities		
Interest received		3,893
Net cash generated from investing activities		**3,893**
Cash flows from financing activities		
Proceeds from issue of shares net of treasury shares		4,226,500
Initial public offering costs		(775,184)
Net cash generated from financing activities		**3,451,316**
Net increase in cash and cash equivalents		**2,387,968**
Cash and cash equivalents at beginning of period		**-**
Cash and cash equivalents at end of period	**13**	**2,387,968**

The notes on pages 21 to 34 are an integral part of these financial statements.

ROCKROSE ENERGY PLC

COMPANY STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2016

	Notes	Eighteen months ended 31 December 2016 £
Cash flows from operating activities		
Loss for the period		(1,419,931)
Share based payments		76,895
Finance cost		2
Finance income		(3,893)
Increase in trade and other receivables		(934,854)
Increase in other trade and payables		441,140
Net cash used in operating activities		**(1,840,641)**
Cash flows from investing activities		
Interest received		3,893
Acquisition of investment in subsidiary		(100)
Net cash generated from investing activities		**3,793**
Cash flows from financing activities		
Proceeds from issue of shares		5,000,000
Initial public offering costs		(775,184)
Net cash generated from financing activities		**4,224,816**
Net increase in cash and cash equivalents		**2,387,968**
Cash and cash equivalents at beginning of period		**-**
Cash and cash equivalents at end of period	**13**	**2,387,968**

The notes on pages 21 to 34 are an integral part of these financial statements.

1 General information

Rockrose Energy Plc ('the Company' or together with its subsidiaries, 'the Group') has been formed to make acquisitions of companies or businesses in the upstream oil and gas and power sector.

The Company is a public limited company incorporated on 1 July 2015, which is listed on the London Stock Exchange and incorporated and domiciled in the UK. The address of its registered office is Dashwood House, 69 Old Broad Street, London.

The financial statements have been prepared for an eighteen month period from incorporation date on 1 July 2015 to 31 December 2016. The Company changed its financial year-end date to 31 December to align with industry peers. As this is the first period of account no financial statements are presented for a prior period.

The financial statements have been prepared in pound sterling ('GBP') and have been rounded to the nearest pound (£).

2 Accounting policies

2.1 Basis of preparation of the Financial Statements

The financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union and the Companies Act 2006. They have been prepared using the historical cost convention.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the period ended 31 December 2016. Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company.

Investments in subsidiaries are accounted for at cost less impairment in the Company Statement of Financial Position.

2.3 Going concern

These consolidated financial statements have been prepared on a going concern basis. The directors are satisfied that the Group and Company have sufficient resources to continue in operation for the foreseeable future, a period of not less than twelve months from the date of this report. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

2.4 Segment reporting

In the opinion of the directors the operations of the Group represents one segment, and are treated as such, when evaluating its performance. The chief operating decision maker is the Board of Directors. The Board of Directors reviews management accounts prepared for the Group when assessing performance.

2.5 Standards and amendments effective and relevant to the Company

The financial statements have been prepared in accordance with IFRSs adopted by the European Union which are effective as at 31 December 2016.

The following IFRSs became effective during the period:

IAS 1	Presentation of Financial Statements - Amendments resulting from the disclosure initiative
IAS 16	Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortisation
IAS 16	Property, Plant and Equipment - Amendments bringing bearer plants into the scope of IAS 16
IAS 19	Employee Benefits - Amendments resulting from September 2014 Annual Improvements to IFRSs
IAS 27	Separate Financial Statements - Amendments reinstating the equity method as an accounting option for investments in in subsidiaries, joint ventures and associates in an entity's separate financial statements
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding the application of the consolidation exception
IAS 34	Interim Financial Reporting - Amendments resulting from September 2014 Annual Improvements to IFRSs
IAS 38	Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations - Amendments resulting from September 2014 Annual Improvements to IFRSs
IFRS 7	Financial Instruments: Disclosures - Amendments resulting from September 2014 Annual Improvements to IFRSs
IFRS 10	Consolidated Financial Statements - Amendments regarding the application of the consolidation exception
IFRS 11	Joint Arrangements - Amendments regarding the accounting for acquisitions of an interest in a joint operation
IFRS 12	Disclosure of Interests in Other Entities - Amendments regarding the application of the consolidation exception
IFRS 14	Regulatory Deferral Accounts

At the date of authorisation the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective:

IAS 7	Statement of Cash Flows - Amendments as result of the Disclosure initiative
IAS 12	Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses
IAS 28	Investments in Associates and Joint Ventures - Amendments resulting from Annual Improvements 2014–2016 Cycle (clarifying certain fair value measurements)

2.5 Standards and amendments effective and relevant to the Company (continued)

IAS 39	Financial Instruments: Recognition and Measurement - Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception
IFRS 1	First-time Adoption of International Financial Reporting Standards - Amendments resulting from Annual Improvements 2014–2016 Cycle (removing short-term exemptions)
IFRS 2	Share-based Payment - Amendments to clarify the classification and measurement of payment transactions
IFRS 4	Insurance Contracts - Amendments regarding the interaction of IFRS 4 and IFRS 9
IFRS 7	Financial Instruments: Disclosures - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9
IFRS 9	Financial Instruments - Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition
IFRS 12	Disclosure of Interests in Other Entities - Amendments resulting from Annual Improvements 2014–2016 Cycle (clarifying scope)
IFRS 15	Revenue from Contracts with Customers - Original issue
IFRS 15	Revenue from Contracts with Customers - Clarifications to IFRS 15
IFRS 16	Leases

The adoption of these standards and Interpretations are not expected to have a significant impact on the Group's financial statements.

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and bank balances. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

2.7 Financial Instruments

Financial Instruments are classified on initial recognition as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement. Financial instruments are recognised on the Statement of Financial Position at fair value when the Company becomes party to the contractual provisions of the instrument. Financial assets are reduced by appropriate allowances for estimated irrecoverable amounts. Interest earned from financial assets and interest paid on financial liabilities is recognised in the income statement on an accruals basis over the term of the financial asset or liability using the effective rate of interest.

Trade and other receivables are stated at their nominal value, as the interest that would be recognised from discounting future cash receipts over the short credit period is not considered to be material.

Trade and other payables are stated at their original invoiced value, as the interest that would be recognised from discounting future cash payments over the short term payment period is not considered material.

2.8 Share capital

Ordinary shares are classified as equity. The Company's share capital currently consists of ordinary shares. Any transaction costs associated with the issuing of shares are deducted from equity to the extent they are incremental costs directly attributable to the equity transaction.

2.9 Taxes

Current income tax: The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax: Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.10 Exceptional Items

Exceptional items relate to the IPO costs on issuing the share capital in the Company that did not meet the criteria for recognition directly in equity.

2.11 Employee Benefit Trust

The assets and liabilities of the Employee Benefit Trust are consolidated by the Group, as the Group exercises control over the Trust as defined in IFRS 10. Shares in the Company held by the trust are consolidated as a deduction from equity and treated as treasury shares.

2.12 Share based payments

Under the Share Option Plan, the Employee Benefit Trust subscribes for ordinary shares in the Company. The EBT owns a portion of the share equivalent to the subscription price. Any employee who received an award under the plan owns any value in the share in excess of the subscription price. Awards vest over three years to five years and are subject to performance criteria. The fair value of awards granted is recognised as an employee expense with a corresponding increase in equity.

The fair value is measured at grant date, using an appropriate pricing model taking into account the terms and conditions upon which the award was granted, and is spread over the period during which the awards vest. The amount recognised as an expense is adjusted to reflect the actual number of share awards that vest in the same period. At each balance sheet date, the Company revises its estimates of the number of options that are expected to vest. The Company recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

3 Estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these financial statements, the significant judgements made by management in applying the Group's accounting policies and the key accounting estimates are accruals and the non-recognition of a deferred tax asset. The deferred tax asset has not been recognised as the directors do not expect profits to be made for up to three years hence.

In the Company's financial statements the key accounting estimate is valuation of the loan made to the EBT. The loan to the EBT has been impaired to reflect the market value of the Company's shares at 31 December 2016, as disclosed in Note 12.

4 Financial risk management

As at 31 December 2016 the Company's financial instruments consisted of cash and cash equivalents, trade and other receivables and trade and other payables including accrued liabilities. With respect to all of these financial instruments, the Company estimates that their fair values approximate their carrying values at 31 December 2016 based on the nature of those instruments.

The Company's risk exposures and impact on the Company's financial instruments are summarised below:

Credit risk

The Company's credit risk is primarily attributable to cash, which is held in Metro Bank which is domiciled in the UK and regulated by the FCA.

Credit risk in relation to the EBT loan has been discussed in note 12.

Market risk

(a) Interest rate risk

Cash balances do not generate material amounts of interest. There are no other interest bearing financial instruments and therefore the Company is not exposed to interest rate risk.

(b) Foreign currency risk

All the balances as of 31 December 2016 and the transactions for the eighteen month period then ended were denominated in UK sterling which is the Company's functional and presentation currency. The Company is therefore not exposed to foreign currency risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company monitors the risk of cash shortfalls by means of current liquidity planning. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The approach is used to analyse payment dates associated with financial assets and also to forecast cash flows from operating activities. The table below sets out the contractual maturities of financial liabilities present.

4 Financial risk management (continued)

	Contractual Amount £	Due in less than 1 year £
Group		
At 31 December 2016		
Trade and other payables	441,042	441,042
	441,042	441,042
Company		
At 31 December 2016		
Trade and other payables	441,142	441,142
	441,142	441,142

Capital management

The capital of the Company is represented by the net assets attributable to holders of ordinary shares. The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern and fund development, in order to provide returns for shareholders and benefits for other stakeholders. The Company has not paid dividends, nor returned capital to the shareholders to date. The Company is not subject to externally imposed capital requirements.

5 Operating Loss

Operating loss is stated after charging:

	Eighteen Months ended 31 December 2016 £
Director's fees, salaries, share options and other benefits	296,821
Fees payable to the Company's auditors for:	
- Audit of the parent company and the consolidated financial statements	35,000
- Interim review of the parent companies' financial statements and;	24,000
- Other non audit services: Transaction services (diligence)	
Accountancy, consulting, legal & other advisory fees	330,000
Operating lease costs	48,000

The Company's auditors provided £80,000 of services connected with the Company's initial public offering of shares which has been treated as share issue costs and deducted from equity.

6 Employee benefit expenses (including Director's remuneration)

	Eighteen Months ended 31 December 2016 £
Salaries, allowances and benefits in kind (short term)	253,654
Social security costs	27,139
Share based payments	76,895
	357,688

In addition to the Directors, the monthly average number of employees during the period was 1.

The highest paid director received remuneration of £226,821.

Total key management compensation for the period was £296,821.

7 Financial income

	Eighteen Months ended 31 December 2016 £
Bank interest received	3,893
	3,893

8 Taxation and deferred tax

No UK corporation tax charge arises in the period ended 31 December 2016. A reconciliation of the expected tax benefit computed by applying the tax rate applicable in the primary jurisdiction to the loss before tax to the actual tax (credit)/expense is as follows:-

Tax on loss on ordinary activities

	2016 £
Loss before tax on continuing operations	(1,336,857)
Corporation tax at the statutory income tax rate of 20%	(267,371)
Effects of:	
Expenses not deductible for tax purposes	19,162
Tax losses not utilised	248,209
Total tax charge on loss before tax	-

8 Taxation and deferred tax (continued)

Factors that may affect future tax charges

The Group has estimated losses of £1,241,045 available to carry forward against future profits. The Company has a potential deferred tax asset of £248,209 which has not been recognised on losses in the financial statements. This is due to uncertainty regarding when such losses will be utilised.

9 Income statement – company

The Company has elected to take exemption under section 408 of the Companies Act 2006, to not present the parent company profit and loss account. The Company's loss for the period was £1,419,931.

10 Fixed asset investments

Company

	Investment in subsidiary companies
Cost or valuation	
Additions	100
At 31 December 2016	100
Net book value	
At 31 December 2016	100

Subsidiary undertakings:

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Rockrose (UKCS1) Ltd	United Kingdom	Ordinary	100%	Extraction of crude petroleum
Rockrose Energy Employee Benefit Trust	States of Jersey	N/A	N/A	Employee Benefit Trust

On 27 October 2016, Rockrose Energy Plc acquired 100% of the share capital of Rockrose (UKCS1) Limited.

Rockrose Energy Employee Benefit Trust is an employee benefit trust for the purpose of making awards under the Group's employee share schemes. These shares have been classified as treasury shares within equity.

11 Audit exemptions for subsidiary companies

The Group has elected to take advantage of the full extent of the exemptions available under Section 479A of the Companies Act 2006. As a result, statutory financial statements will not be audited for the following UK entity: Rockrose (UKCS1) Ltd.

12 Trade and other receivables

	Group 31 December 2016 £	Company 31 December 2016 £
VAT receivable	156,977	156,977
Prepayments	87,451	87,541
Loan to Appleby Trust (Jersey) Limited "EBT Trustee"	-	690,426
	244,428	934,854

Appleby Trust (Jersey) Limited (the ''EBT Trustee'') has subscribed for 1,200,000 Ordinary Shares (1,200,000 @ £0.50 = £600,000) on behalf of the EBT. At Admission, these shares comprised 12 per cent of the issued share capital of the Company.

The EBT Trustee funded its subscription by way of a loan from the Company amounting to £600,000. The Company has no recourse under the loan to the assets of the EBT Trustee other than the proceeds of the sales of the shares. The proceeds of sale may not be sufficient for the EBT Trustee to repay the loan in full.

If the proceeds of the sale of its beneficial interest are greater than the amount the EBT Trustee is required to repay under the loan, the EBT Trustee may apply any surplus for future employee incentivisation arrangements.

The EBT Trustee will not normally exercise the voting rights of unvested Ordinary Shares held under the EBT but may exercise such rights on vested Ordinary Shares at the request of the relevant participants. Similarly, Ordinary Shares held under the EBT will not receive any dividends paid.

In addition, on 16 August 2016, A. P. Austin transferred 347,000 of his own shares to EBT at a value of £0.50 per share, which increased this loan balance by a further £173,500.

The loan receivable has been impaired in line with the conditions of the loan agreement due to the value of the shares held by EBT being less than the loan balance owing.

13 Cash and cash equivalents

	Group 2016 £	Company 2016 £
Cash at bank	529,560	529,560
Short term deposit	1,858,408	1,858,408
	2,387,968	2,387,968

14 Trade and other payables

	Group 2016 £	Company 2016 £
Trade payables	18,261	18,261
Accruals	396,615	396,615
Amounts due to group companies	-	100
Other payables	26,166	26,166
	441,042	441,142

Other payables relate to amounts due to A. P. Austin, a director of the Company.

15 Financial instruments

	Group 2016 £	Company 2016 £
Financial assets:		
Financial assets that are debt instruments measured at amortised cost	-	690,426
	-	690,526
Financial liabilities:		
Financial liabilities that are debt instruments measured at amortised cost	(441,042)	(441,142)
	(441,042)	(441,142)

Financial assets that are debt instruments measured at amortised cost comprise the loan to Appleby Trust.

The loan to the EBT has been impaired to reflect the market value of the shares at the year end date.

Financial liabilities that are debt instruments measured at amortised cost comprise trade payables, accruals and amounts due to group companies.

16 Share based payments

The Company commenced the operation of a Share Option Plan ("the plan") during December 2015. The plan is an equity incentive scheme.

The board of directors oversees the plan, approves the subscription price of awards under the plan and any criteria to be satisfied before exercise is permitted, and monitors the effectiveness of the plan as an incentive.

Under the plan, the options outstanding to Directors are as follows:

Name	Grant date	Vesting date	Number	Exercise price	Expiry	Share price at grant	Fair value
A Austin	22/12/2015	22/12/2018	330,000	0.5000	13/01/2022	0.5000	0.2896
A Austin	22/12/2015	22/12/2019	330,000	0.5000	13/01/2022	0.5000	0.2918
A Austin	22/12/2015	22/12/2020	340,000	0.5000	13/01/2022	0.5000	0.2785
			1,000,000				

There were no options vested during the year and no options were exercisable at the year end. The assessed fair value at the grant date is determined using the binomial model. The vesting conditions are that the share price is at least £0.3000; that there is continuous employment to the date of exercise; that there has been an acquisition resulting in a 500% increase in the market capitalisation of the Company; that there are no negative regulatory findings and that the options holder' and those acting in concert with him do not own more than 29.99% of the Company's issued capital after exercise. The binomial model valuation does not incorporate non-market based vesting conditions.

33% of the total share options are exercisable three years from the grant date ("three year options"); 33% of the total share options are exercisable four years from the grant date ("four year options"), and 34% of the total share options are exercisable five years from the grant date ("five year options").

The cost of awards under the plan is recognised over the vesting period of the award. The expense for share options granted in 2016 was £76,895.

17 Reserves

Share premium

The share premium account represents the premium arising on the issue of shares net of issue costs.

Accumulated losses

Accumulated losses represents cumulative profits and losses net of dividends and other adjustments.

Treasury shares

Under the terms of the Company's share option plan outlined in note 16, an Employee Benefit Trust (EBT) subscribed for ordinary shares in the Company. The Trust is administered by Appleby Trust (Jersey) Limited. The trustee can distribute shares at its discretion directly to beneficiaries upon the recommendation of the board. All administrative costs associated with the EBT are met by the Company. The EBT owns the shares to be distributed at the discretion of the trustees and the employee owns any value in the shares in excess of the subscription price.

On 22 December 2015, the Company placed 1,200,000 shares into the EBT. The market price of the shares was £0.125 each, and the market value was £150,000. The shares were placed pre-IPO.

On 16 August 2016, the EBT acquired a further 347,000 shares. The market price of the shares was £0.45 each, and the market value was £156,150.

At 31 December 2016, the EBT jointly owned 1,547,000, with a nominal value of £309,400, representing 15.47% of the allotted share capital of the Company. None of the shares held were under option or conditionally gifted.

18 Share capital and share premium

	Number of Shares	Share capital £	Share premium £
Proceeds from issue of shares	10,000,000	2,000,000	3,000,000
Initial public offering costs	-	-	(775,184)
Balance at 31 December 2016	10,000,000	2,000,000	2,224,816

On incorporation, 1 July 2015, 1,200,000 ordinary shares of 5p at a price of 12.5p each were issued (equivalent to 300,000 shares at a price of 50p - £150,000). The payment for the ordinary shares of £150,000 was not made on incorporation but was made on 18 December 2015.

On 5 August 2015, a special resolution was passed to consolidate every four ordinary shares of 5p each into one ordinary share of 20p.

18 December 2015, a further 900,000 ordinary shares of 20p each were issued at a price of 50p per share.

18 Share capital and share premium

On 22 December 2015 the Company entered into a loan agreement with Appleby Trust (Jersey) Limited pursuant to which the Company agreed to lend £600,000 to the EBT for the purpose of subscribing for the 1,200,000 Placing Shares already issued.

On 12 January 2016 the Company issued 8,800,000 new ordinary shares at a price of 50p per share amounting to gross proceeds of £4,400,000.

19 Loss per share

Basic loss per share amounts are calculated by dividing the loss for the period by the weighted average of shares outstanding during the period. Weighted average number of shares excludes those shares held as treasury shares.

The basic and diluted loss per share are the same as there are no instruments that have a dilutive effect on earnings.

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

	Eighteen months ended 31 December 2016 £
Loss for the period attributable to the shareholders	(1,336,857)
Weighted average number of shares	5,746,741
Basic and diluted loss per share	(0.2326)

20 Related party transactions

The transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

The balances which are receivable from, or payable to, subsidiary undertakings at 31 December 2016 are disclosed at note 12 and 14.

Key management compensation has been detailed at note 6.

The following transactions relate to related party transactions with A. P. Austin, a director of the Company:

Share issues

A. P. Austin subscribed for 2,342,002 ordinary shares of 20p each in the capital of the Company at a price of 50p per share. On 16 August 2016, A. P. Austin then transferred 347,000 of his own shares to the EBT at a price of 50p per share, see note 12 for more information. The effect of this was to take his beneficial holding from 23.42% to 19.95%.

20 Related party transactions

Period end balance

£173,500 was owed to A.P. Austin for the transfer of shares to the EBT mentioned above and as at the period end a total of £26,166 is outstanding to the director. Offset within the amount owing to A. P. Austin is unpaid share capital of £21,001 and various personal expenses paid by the Company.

Rent of £48,000 was paid to Brandon Toor, the step son of A. P. Austin who is a director of the Company, during the period.

R.A. Benmore (through his wife Judith Helen Benmore) and J. A. C. Morrow subscribed for 150,000 and 160,000 ordinary shares of 20p each in the capital of the Company at a price of 50p per share.

21 Operating Lease Commitments

	Group 31 December 2016 £	Company 31 December 2016 £
Not later than 1 year	48,000	48,000
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	48,000	48,000

22 Post Balance Sheet/Subsequent Events

On 22nd March RockRose announced that it is progressing towards completion of the acquisition of Maersk's interests in the Scott (5.16%) and Telford (2.36%) fields. The consideration for the interests in Scott and Telford consists of a payment from Maersk to the Company. Separately, Rockrose has signed a conditional sale and purchase agreement to acquire the entire issued and to be issued share capital of Egerton Energy Ventures Limited ("Egerton") including non-operated interests in the Galahad (27.80%) and Mordred (8.33%) gas fields located in the Southern North Sea. Both transactions are subject to OGA approval and customary conditions precedent. The Company has also signed a non-binding heads of terms to acquire a subsidiary of a major trading company which holds small non-operated interests in gas fields located in the Southern North Sea. This proposed acquisition also includes significant tax assets. On completion of the acquisitions of the Scott and Telford assets, Egerton, and the other potential acquisition, the Company estimates current aggregate current production of around 1,400 barrels of oil equivalent per day. It is anticipated that the acquisitions/proposed acquisitions will be treated as business combinations but management are still evaluating the fair value of assets/liabilities acquired and fair value of the various considerations.
The Company has also filed a draft prospectus with the UK Listing Authority and is proceeding with the documentation and application process to re-list. Concurrently, and in order to accelerate the implementation of its stated strategy, the Company is consulting with both existing shareholders and potential investors to allow the Board to consider a fundraising by way of a private placement.

23 Date of approval of financial statements

The financial statements were approved by the board of Directors on 31 March 2017.