SOLO OIL PLC

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2016

Company number 05542880

Solo Oil Plc ("Solo" or "the Company") is an England and Wales incorporated registered and domiciled company which is quoted on AIM. Its principal activities are to acquire a diverse portfolio of direct and indirect interests in exploration, development and production oil and gas assets which are based in the Americas, Europe or Africa.

Contents

Chairman's Statement incorporating the Strategic Report

Introduction

I am pleased to be delivering my first statement since I assumed the role of Executive Chairman in May 2017. The Board is pleased with the progress that has been made over the last 18 months and we are satisfied that we have significantly enhanced the overall value of our portfolio of investments; the metric against which we believe any investment company's performance should primarily be assessed.

Throughout 2016, and the first few months of 2017, Solo oversaw a significant maturing of the Company's portfolio with first gas and revenues from Kiliwani North, the successful testing of the Horse Hill oil discovery in the UK and the successful appraisal of the Tanzanian Ntorya gas-condensate discovery in early 2017. As the core assets within the portfolio mature, we have begun to consider the next cycle of investment strategy. Bearing in mind our investment ethos of first mover advantage and the application of extensive technical expertise we announced the addition of the Helium One investment in early 2017, something we truly believe holds significant future value.

We are entering an exciting phase in the Company's development, benefitting from our historic investment whilst also capitalising on opportunities presented by the prevailing market conditions. We are approaching some crucial investment decisions that will require the Company to decide on the best approach and timing of monetisation of certain assets within the portfolio.

Investment Review

As an investment company, Solo's primary objective is to maximise the returns on our investments and in doing so, create value on behalf of our shareholders over time. We seek early stage entry points in order to obtain a meaningful equity position at attractive valuations. Solo seeks to add value to the assets as they progress through exploration, appraisal and development. As a result of the early stage entry, Solo is required to fund its proportionate share of costs or farm down its equity in an asset in return for cash or carried operations. Furthermore, as we enter assets at an early stage, the Board is required to adopt a long-term view on the investment horizon from original investment to the point of monetisation. It is the responsibility of the Board, to assess the optimum point and method of monetisation, whether that be early in order to realise value and enable the gains to be reinvested into new opportunities, or to follow our money with further proportionate investment in an asset with the belief that greater returns can be generated at a later point in time. Whilst the latter approach may result in some short-term dilution of shareholders as we raise the necessary funds through the issue of equity, it is ultimately likely to deliver greater returns on investment over the medium to long term by increasing the core value of the asset. It is intended in future to make an open offer to existing shareholders whenever this is practical in order to ensure the impact of dilution is minimised.

Solo is developing a track record for generating value from its investments overall, with Kiliwani North and Ruvuma both representing successful case studies. Solo leveraged its equity in Kiliwani North to maintain an interest through to production, and whilst our interest in the asset is relatively small it provides us with sufficient cash flow to cover our corporate G&A costs, which is important to us as an investment company. Solo also has a material 25% interest in the world-class gas-condensate discoveries in the Ntorya Appraisal Area, which was recently the subject of a major resources upgrade following the successful drilling and testing of Ntorya-2 ("NT-2") in March 2017. This flagship asset has generated industry interest and will continue to do so as the licence is progressed further in the coming months. Our decision to maintain our material stake in the licence by paying our proportionate share of the NT-2 well has been validated and similar decisions will be required as further operational activity occurs. It is the responsibility of the Board to ensure we effectively communicate the various value scenarios to our shareholders so they can understand our recommendations and the rationale for our investment decisions.

Our post-period decision to acquire a 10% interest in Helium One was driven by our ambition to replicate the success we had previously had in Tanzania, a geography and jurisdiction that we know well. Whilst Helium One's Rukwa project is not conventional oil and gas, it has many parallels with Ruvuma in terms of early entry into a world class asset with significant upside and transformational potential. The downstream elements to the Helium One story are unlike anything Solo has done before, however, the upstream elements are similar to conventional hydrocarbon exploration and it is in this area that we can provide industry expertise and experience in order to progress the project to a drill ready status. The drivers for the helium industry, underpinned by compelling supply vs demand dynamics, have caused increased investor attention on this little known industry and we predict that this trend will continue as investors become more aware of the commercial and unique technical aspects of helium. We were therefore pleased to have capitalised on our first mover advantage on this exciting and compelling opportunity and look forward to communicating progress on it throughout the rest of the year as we move towards the catalyst of an exploration well next year.

Chairman's Statement incorporating the Strategic Report

Closing remarks

Solo has taken great strides in the last 18 months and is being rewarded in its commitment to an effective strategy to develop a diverse portfolio of non-operated assets. Whilst we are not operators of any of the assets within the portfolio, the executive team plays a highly active role in the technical and commercial decisions required on each asset; thereby ensuring we closely oversee our investments and seek to maximise value on behalf of the Company and its shareholders. It is this value add that enables us to obtain our interests at attractive entry points and is a unique selling point that differentiates Solo from other resources investment vehicles.

The Company's portfolio, size and profile has evolved significantly as a result of the changes that we have implemented to the way that Solo is managed in terms of management structure, governance process and investment strategy. To reflect these enhancements and to emphasise our position as an independent investment company, we will be undertaking a re-branding exercise in the second half of this year. We look forward to providing further information to our shareholders on this exercise.

I would like to take this opportunity to congratulate my colleagues on the executive team for their hard work in helping progress Solo to this point. It has been, and will continue to be, a busy, intense and exciting period of operational and commercial activity, and I am confident that their commitment, expertise and passion will result in further progress and value creation within our portfolio. Lastly, I would like to thank our shareholders for their continued support and we look forward to rewarding them for their patience as historic investments begin to bear fruit and realise value.

Neil Ritson
Chairman
13 June 2017

Operational & Financial Review

Highlights for the period include:

Tanzania

- Gas Sales Agreement ("GSA") was executed with the Tanzanian Petroleum Development Corporation ("TPDC") for a price of US$3.00 per mmBTU;
- First gas was achieved from Kiliwani North-1 ("KN-1") on 4 April 2016;
- Commissioning of the Songo Songo Island Gas Plant was completed and testing of the KN-1 well up to over 30 mmscfd was undertaken;
- Solo increased its interest in KN-1 from 6.175% to 7.175% and holds an option to increase its interest to up to 8.75% when commerciality is declared;
- US dollar revenues were received from Kiliwani North in line with the GSA;
- A 12-month extension of the Ruvuma PSA was granted by TPDC and endorsed by the Tanzanian Minister of Petroleum;
- Site preparation for the Ntorya-2 and -3 appraisal wells were completed and Ntorya-2 was spudded on 21 December.

United Kingdom

- Horse Hill-1 well ("HH-1") was tested with the Kimmeridge Limestones producing at natural flow rates of over 460 and 900 barrels of oil per day gross ("bopd") from naturally fractured intervals in the Lower and Upper Kimmeridge respectively;
- Pumped production, constrained by pump size, of up to a gross 320 bopd was obtained from the Portland Sandstone reservoir during testing of that interval at HH-1 in March;
- The Company was formally awarded a 30% working interest in PEDL 331 on the Isle of Wight and announced its intention, with operator UK Oil and Gas Investments ("UKOG"), to pursue the previously discovered Arreton-2 field as part of an initial work program;
- Planning application lodged to carry out long-term testing of the HH-1 reservoirs and to carry out additional drilling in future years.

Highlights in 2017 year to date

- Appraisal well Ntorya-2 was successfully drilled to a total depth of 2,795 metres and tested at a rate of 17 mmscfd over a 34 metre interval and through a 40/64-inch choke;
- As a result of Ntorya-2 the discovery resource estimates were increased substantially to 466 bcf gross discovered gas in place with a most likely gross contingent resource of 186 bcf;
- Solo made a strategic investment in Helium One Limited to gain access to a potentially world scale helium project in Tanzania.

Portfolio Review

Tanzania, Kiliwani North (7.175% interest)

In 2014, Solo agreed with Aminex to acquire up to a 13% working interest in the Kiliwani North Development Licence ("KNDL") on Songo Songo Island. The Kiliwani North-1 ("KN-1") well was drilled by Aminex and its partners in 2008 and discovered gas in a 60 metre column in the Lower Cretaceous.

Solo acquired an initial 6.5% interest in the KNDL project for US$3.5 million in 2015 and subsequently announced its intention to increase its stake to up to 10% through the acquisition of three additional tranches of project equity linked to project milestones at the Company's option. Solo's original stake of 6.5% was subsequently reduced by way of TPDC's intended back-in to the project for a 5% interest which reduced Solo's holding to 6.175%.

The condition precedent for further acquisition of project equity by Solo was the signature of a gas sales agreement ("GSA") which was achieved in January 2016. The subsequently agreed tranche milestones were the commencement of gas production which was achieved in April 2016, the receipt of first cash revenue and the declaration of commercial (post-commissioning) gas production under the take-or-pay arrangements of the GSA. The first of these milestones has been reached and Solo has increased its direct participation to 7.175%. Receipt of first revenue occurred in August 2016 and the Company has elected not to increase equity in KNDL to 8.425% in order to focus on investments in the Ruvuma PSC. The Company retains the option to increase its KNDL stake by a further 1.575% to 8.75% when commercial operations are officially declared by TPDC.

The GSA signed with TPDC for KN-1 gas contains payment guarantees in US Dollars ("US$") and is linked to a price escalation formula commencing at US$3.00 per million British Thermal Units ("mmBTU") and rising from January 2016. The main contract phase is a depletion contract with take-or-pay provisions for 85% of the daily minimum quantity of gas to be supplied, initially set at a gross 20 million cubic feet per day ("mmscfd"). Payment for gas during the commissioning phase is based on the agreed tariff on an "as supplied" basis and no minimum quantity is guaranteed under the contract. Commissioning of the Songo Songo Island gas processing plant commenced in early April 2016 and was essentially complete by end July. Following that date KN-1 has been produced at a rate of roughly 15 mmscfd being the call on gas being made by TPDC. Overall gas market development continues to lag supply in Tanzania, however, this is expected to change to a supply shortage in future years as new power projects and distribution to domestic and industrial customers are brought on-line.

Operational & Financial Review (continued)

All payments due under the GSA by end 2016 have been received from TPDC and payment continues on approximately 60 day terms in 2017. Condensate produced by the KN-1 well has been aggregated and is being sold on behalf of the Joint Venture by TPDC. The average price received for the gas sold in 2016 was US$3.25 per mscf with additional value accruing to the condensate which is sold separately.

Independently verified gas in place was confirmed by LR Senergy in a Competent Person's Report ("CPR") in May 2015. LR Senergy computed gross mean gas in place of 44 bcf of which 28 bcf have been attributed as best estimate contingent resources. These contingent resources will be converted to reserves once the GSA comes into full force on declaration of commercial gas production.

Tanzania, Ruvuma Basin (25% interest)

Solo holds a 25% interest in the Ruvuma Petroleum Sharing Agreement ("Ruvuma PSA") in the south-east of Tanzania covering an area of approximately 3,447 square kilometres of which approximately 90% lies onshore and the balance offshore. The Ruvuma PSA is in a region of southern Tanzania where very substantial gas discoveries have been made offshore in recent years and where gas has also been discovered onshore and along the coastal islands at Ntorya, Mnazi Bay, Kiliwani North and Songo Songo.

The Ntorya gas-condensate discovery, made in 2012 and operated by Aminex plc ("Aminex"), represents the most immediate commercialisation opportunity in the Ruvuma PSC. The Ntorya-1 well was flow testing over a 3.5 metres zone at the top of the gross 25 metre gas bearing interval produced at a maximum gross flow rate of 20.1 million cubic feet per day ("mmscfd") and 139 barrels per day ("bpd") of 53 degree API condensate through a 1-inch choke. The well is suspended as a discovery for subsequent additional testing or production.

Based on an infill 2D seismic programme around Ntorya-1 a re-estimation of the discovered and prospective resources in the Likonde-Ntorya area was made and subsequently audited by Senergy (GB) Limited ("LR Senergy") who issued a CPR in May 2015. LR Senergy estimated that Ntorya contained a gross 158 billion cubic feet ("bcf") of proven gas in place, of which they attributed a gross 70 bcf as best estimate contingent resources. Overall in the Ruvuma PSA, LR Senergy estimated gross 4.17 trillion cubic feet ("tcf") of discovered and undiscovered gas in place.

In order to further appraise the Ntorya gas condensate discovery made in the Ntorya-1 well it was decided to drill an updip well, Ntorya-2, at a location approximately 1.5 kilometres east of the discovery well, Ntorya-1. The location was prepared in late 2016 along with a possible further appraisal site, Ntorya-3, located further updip to the east. The Caroil-2 rig was moved to site in December and the well spudded on 21 December 2016.

During early 2017 drilling continued on prognosis with 17-inch casing set at 1,326 metres in early January and the well reached the anticipated reservoir section at a depth of 2,593 metres in early February 2017. A gross gas bearing sandstone reservoir interval of 51 metres thickness was encountered and the well was deepened to a final total depth of 2.795 metres and a 7-inch liner set prior to testing. A 31 metre interval of the gross reservoir was perforated and flowed dry gas at a stabilised rate of 17 mmscfd through a 40/64-inch choke. Analysis of the well during testing and interpretation of electric logs strongly suggests that high mud weights, used to control gas influx during drilling, had caused formation damage around the well bore and these effects were reducing the test flows. Remedial operations prior to production would be used to target higher flow rates.

As a result of the new data from Ntorya-2 the gross most likely in place gas ("GIIP") in the Ntorya discovery was increased by over 200% from 153 bcf in the LR Senergy report in May 2015 to 466 bcf. Based on this GIIP Solo estimate that the gross mostly contingent resources in the portion of the Ntorya filed proven to date are 186 bcf. The upside or high estimate gross contingent resources also increased by over 230% to 766 bcf, with the high estimate GIIP of 1.3 tcf. The Company is fully satisfied that such volumes, now discovered, are commercially exploitable and along with the operator, Aminex, Solo has applied for a 25-year development licence covering the entire Ntorya field area. An early production scheme involving local use of the gas or its conversion to power or CNG is also under consideration.

Once a development licence has been awarded, Solo and Aminex will carry out an approved work programme, yet to be agreed with the Tanzanian authorities, which is likely to include 3D seismic acquisition and further drilling including the Ntorya-3 location. Solo is currently assessing its options with regards to its future participation in the project. Amongst such considerations is further proportionate investment, a possible farm-down, or sale of all or some of its 25% interest in the discovery so as to monetise its investment in the Ruvuma PSC and return funds to the Company to invest in its other operations.

Horse Hill, Weald Basin, UK (6.5% interest)

In 2014, the Company acquired a 10% interest in a special purpose company, Horse Hill Developments Limited ("HHDL"), which became the operator and 65% interest holder in two Petroleum Exploration and Development Licences, PEDL 137 and 246, in the northern Weald Basin between Gatwick Airport and London. PEDL 137 covers 99.29 square kilometres (24,525 acres) to the north of Gatwick Airport in Surrey. PEDL 246 covers an area of 43.58 square kilometres (10,769 acres) and lies immediately adjacent and to the east of PEDL 137.

Operational & Financial Review (continued)

The Horse Hill-1 ("HH-1") well commenced drilling operations in September 2014 and reached total depth at 8,870 feet MD in November 2014. Evaluation of electric logs and other data collected from the well resulted in the announcement on 24 October 2014 of a conventional Upper Portlandian Sandstone oil discovery. Subsequent analysis of the Kimmeridge, Oxfordian and Liassic sections in the well indicated that there was also substantial in place oil in the naturally fractured Kimmeridge Limestones and associated mudstones.

Approval for the testing of all three oil bearing zones was granted in late 2015 and the tests commenced in early February 2016. Tests lead to naturally flowing oil rates of the Kimmeridge Limestones at a gross rate of 460 bopd from the Lower interval and 900 bopd from the upper interval. The Portland Sandstone was placed on pump to stimulate flow and achieved a maximum gross stable rate in excess of 320 bopd. These flow rates substantially exceeded the expectations for the well and rank alongside some of the highest rates ever achieved on test for any UK onshore well.

Following the testing of the Portland Sandstone, where higher productivity and a lower than expected water cut were observed, further analysis on the electric logs has led to a 200% increase in the anticipated gross oil in place at this stratigraphic level. Previous estimates of oil in place within the Portland Sandstone were 7.7 mmbbls per square mile and were increased to 22.9 mmbbls per square mile. Based on the original closure estimated by Xodus in 2015 this would increase the overall gross oil in place within the Horse Hill Portlandian discovery to 62.5 mmbbls.

The relevant licences have been extended to permit further work and UK Oil and Gas Investments plc ("UKOG") has indicated that it hopes to perform long term testing on all hydrocarbon bearing zones as part of a wider appraisal program that includes 3D seismic and further drilling. Planning permission is presently being sought for the next phase of testing which will establish the parameters of any development scheme and the commerciality of production from the various oil bearing intervals. It is anticipated that planning consent will be granted during the third quarter of 2017 with testing underway before year-end.

PEDL 331, Isle of Wight, UK (30% interest)

An application was made jointly with UKOG and Angus Energy Limited (who subsequently sold this interest to Doriemus plc ("Doriemus")) for a 200 square kilometre onshore block in the south and central portion of the Isle of Wight in the UK 14th Landward Licensing Round. Solo holds a 30% interest in this joint venture.

The UK Oil and Gas Authority ("OGA") have now issued the licence, PEDL 331, to the UKOG-Solo-Doriemus partnership. Based on work by UKOG and confirmed by independent work by Solo Arreton-2, originally drilled in 1974 but never tested, is now considered to be an oil discovery on the Arreton Main Field. When taken together with the adjacent prospects Xodus has calculated a P50 gross oil in place estimate of 219 mmbbls in conventional reservoirs within the Purbeck, Portland and Inferior Oolite limestone reservoirs at Arreton. Arreton Main is considered by Xodus to contain most likely (P50) contingent resource net to Solo's interest in PEDL 331 of 4.7 mmbbls.

UKOG will become operator of PEDL 331 and has commenced discussions with the local planning authorities and expects to seek regulatory consents to appraise the Arreton Main oil discovery in the coming years.

Burj Africa, Nigeria, West Africa (20% interest)

Between 2013 and 2015 Solo made an investment into various ventures aimed at accessing known reserves in fields in Nigeria. These have resulted in a 20% interest in Burj Petroleum Africa Limited ("Burj Africa") a company which had applied for various undeveloped fields in the 2014 Nigerian Marginal Fields Bid Round ("Marginal Fields Round") along with joint venture partners Global Oil and Gas and Truvent Consulting.

Two adjacent marginal fields containing 10 wells previously drilled by an international major oil and gas company have been applied for. These fields are believed by Burj Africa and its partners to contain gross proven, probable and possible recoverable oil reserves of 59.3 mmbbls, or approximately 13.5 mmbbls net to Burj Africa after payment of royalties.

Award of these blocks and any subsequent operations continues to be subject to Nigerian government approval. Recent developments in the world oil markets and specific to Nigeria have significantly delayed the issue of new licences under the envisaged Marginal Fields Round. The Company continues to monitor developments in Nigeria and has noted some positive movements in this regard in recent months. The Company hopes to report further developments in this investment during the remainder of 2017.

Ontario, Canada (28.56% interest)

Solo continues to hold an interest in 23,500 acres of petroleum leases in southern Ontario that contain various Ordovician reefal structures and which host oil, gas and condensate. The operator, Reef Resources Inc., has been unable to raise the necessary capital to continue the development of the Ausable gas condensate field and no alternative funding has so far been found to unlock the potential. Solo's management continues to seek ways to advance or monetise the investment made in the Ausable and adjacent Airport fields, and will report progress in due course. No material progress was achieved during 2016.

Operational & Financial Review (continued)

Morocco

In 2015, Solo acquired a small seed interest in the Canadian listed oil and gas company, Maxim Resources, with a view to acquiring an interest in a possible onshore gas production asset in Morocco. This is a very early stage seed investment and will be reported on more fully as the project takes shape. The Company, however, notes the significant recent success of Sound Energy plc in the Moroccan Triassic TAG-I and Palaeozoic gas fairway and will monitor developments with interest.

Helium One, Tanzania (10%)

Following the year end Solo entered into a sale and purchase agreement with Helium One Limited (“He1”) to acquire an initial 10% stake in He1 with an option to acquire a further 10% stake. He1 owns exploration licences in a number of highly prospective and extremely rare helium properties in Tanzania. The most mature of the projects, at Rukwa, in the East African Rift Valley has been independently assessed by Netherland & Sewell Associates International as having the gross potential for close to 100 bcf of helium in place. With current world helium demand of approximately 6 bcf per annum the Rukwa project represents a material potential contribution to future helium supply.

Originally identified by means of helium macro-seeps the prospects under investigation have been mapped per soil geochemistry anomalies and are in part mapped on legacy 2D seismic data acquired previously during failed hydrocarbon exploration. The identified macro-seepage shows high concentrations of helium (up to in excess of 10% by volume) in association with nitrogen. He1 recently acquired an airborne gravity and magnetic survey and plans to integrate the interpretation of that data into their subsurface modelling before acquiring additional 2D seismic to further define traps for drilling, potentially as early as 2018.

World helium demand has been growing at a rate of about 3 per cent per annum over the last decade and is a vital component of many modern technologies, notable Magnetic Resonance Imaging (“MRI”) devices used in modern medicine. As a result of its unique properties as a super fluid, it plays a vital role in devices which use super conducting magnets; as in MRI machines. As an inert gas helium is also vital in the production of many critical electronic components such as disk drives and fibre optics and for industrial testing, purging and leak detection. Helium, as a lifting gas in hybrid air vehicles, has also begun to have increased significance. Though relatively abundant in the earth’s atmosphere, helium is lighter than air and is progressively lost to space and it is extremely difficult to recycle effectively.

The current supply of helium comes from several large deposits in the USA and as an impurity removed from hydrocarbon gas in a number of liquefied natural gas (“LNG”) projects such as in Qatar and Algeria. However, the US government has been selling its strategic reserve and will close the facility for international sales no later than 2021, after which there is projected to be a significant shortage of helium available on world markets. To date, only the Tanzanian projects and additional helium associated with hydrocarbon gas in Siberia have been identified as large scale future producers. With these weak supply-demand fundamentals helium prices, which are currently approximately US$145 per million cubic feet (crude helium), are expected to rise significantly.

The He1 Tanzania projects have excellent supply economics and, once liquefied, the helium can be transported to world markets via the deep-water port at Dar es Salaam. Given the competitive demand for crude helium on world markets Solo and He1 expect to sell helium at the wellhead through an offtake agreement with a large industrial gas company who would liquefy and transport the helium to market.

Solo completed the acquisition of the initial 10% interest in He1 on 22 March 2017 through the payment of £1.2 million in cash and the issue to He1 of 236,842,105 shares in Solo Oil plc. After subsequent renegotiation Solo also holds an option to acquire an additional 9% in He1 for the payment of £3 million by end June 2017, which will be automatically extended to 31 July 2017 depending on certain conditions. Daniel Maling was also appointed to the Board of He1 as Solo’s representative.

Immediate Outlook

The Company has made significant advances in its investments in Tanzania and the UK in the last reporting period and is now on production and receiving revenue from its Kiliwani North investment. The Ruvuma PSC, which holds the Ntorya gas-condensate discovery, has been extended and in 2017 was successfully appraised by means of the Ntorya-2 well. The Horse Hill discovery has yielded exceptionally high flow rates at all three productive levels and further long term testing is now planned to design a commercial development. Additionally, the Company has added prospective acreage in a new onshore licence in the Isle of Wight, and in 2017 commenced acquiring access to highly prospective helium exploration acreage in Tanzania, providing further material prospectivity potential for future years.

Operational & Financial Review (continued)

Financial & Corporate Review

The financial year 2016 witnessed the first generation of revenues within the portfolio as gas sales were realised during the commissioning of Kiliwani North-1 in April. Solo's working interest of 7.175% resulted in £0.5m of gas sales net to Solo for the period. All revenues were received in US dollars, in line with the Gas Sales Agreement ("GSA") that was executed during the period with the Tanzanian Petroleum Development Corporation ("TPDC") at an initial price of US$3.00 per mmBTU.

Solo ended the period in a significantly stronger financial position than in the prior year. The company's balance sheet carries zero debt after the repayment of the YA Global Master SPV debt facility. The Company maintained its commitment to strict capital discipline and reduced administrative expenses by 20% – from £900,000 in 2015 to £720,000 in 2016.

During the period, Solo raised £2.8 million of equity through two private placements. Proceeds raised through the placements were used to settle the YA Global debt facility and to fund the acquisition of an additional 1% of Kiliwani North (increasing from 6.175% to 7.175%) and Solo's share of the Ntorya-2 appraisal well.

Post period end Solo raised £2.0 million to test the Ntorya-2 well. On 22 March 2017 Solo acquired a 10% interest in He1 for £2.55 million, which was funded through a private subscription raising £1.2 million with the balance of £1.35 million through issuing new Ordinary Shares to He1.

Daniel Maling was appointed to the Board as Finance Director during August 2016 to lead the finance, business development and capital markets functions of the Company. Post period end, Neil Ritson assumed the role of Executive Chairman having previously been non-executive. Solo's executive team is now comprised of three executive directors; Neil Ritson as Chairman, Daniel Maling as Finance Director and Fergus Jenkins as Technical Director.

Fergus Jenkins
Technical Director
13 June 2017

Daniel Maling
Finance Director

Competent Person's statement:
The information contained in this document has been reviewed and approved by Neil Ritson, Chairman for Solo Oil Plc. Mr Ritson is a member of the Society of Petroleum Engineers, a Fellow of the Geological Society, an Active Member of the American Association of Petroleum Geologists and has over 39 years relevant experience in the oil industry.

Glossary and Notes

2D seismic	seismic data collected using the two-dimensional common depth point method
3D	three-dimensional
AIM	London Stock Exchange Alternative Investment Market
API	American Petroleum Institute
barrel or bbl	45 US gallons
bbls	barrels of oil
bcf	billion cubic feet
best estimate or P50	the most likely estimate of a parameter based on all available data, also often termed the P50 (or the value of a probability distribution of outcomes at the 50% confidence level)
billion	10 to the power 9
bopd	barrels of oil per day
CNG	condensed natural gas
contingent resources	those quantities of petroleum estimated, at a given date, to be potentially recoverable from known accumulations, but the associated projects are not yet considered mature enough for commercial development due to one or more contingencies
CPR	Competent Persons Report
discovery	a petroleum accumulation for which one or several exploratory wells have established through testing, sampling and/or logging the existence of a significant quantity of potentially moveable hydrocarbons
electric logs	tools used within the wellbore to measure the rock and fluid properties of the surrounding formations
GIIP	gas initially in place
GSA	gas sales agreement
HH-1	Horse Hill-1 well
HHDL	Horse Hill Developments Limited
KN-1	Kiliwani North-1 well
KNDL	Kiliwani North Development License
m	thousand (ten to the power 3)
mm	million (ten to the power 6)
mmbbls	million barrels of oil
mmscf	million standard cubic feet of gas
mmscfd	million standard cubic feet of gas per day
OGA	UK Oil and Gas Authority (formally the Department of Energy and Climate Change)
oil in place or STOIIP	stock tank oil initially in place, those quantities of oil that are estimated to be in known reservoirs prior to production commencing
pay	reservoir or portion of a reservoir formation that contains economically producible hydrocarbons. The overall interval in which pay sections occur is the gross pay; the portion of the gross pay that meets specific criteria such as minimum porosity, permeability and hydrocarbon saturation are termed net pay
PEDL	Petroleum Exploration and Development License
permeability	the capability of a porous rock or sediment to permit the flow of fluids through the pore space
petrophysics	the study of the physical and chemical properties of rock formations and their interactions with fluids
play	a set of known or postulated oil or gas accumulations sharing similar geologic properties
porosity	the percentage of void space in a rock formation
prospective resources	those quantities of petroleum which are estimated, at a given date, to be potentially recovered from undiscovered accumulations
proven reserves	those quantities of petroleum, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable (1P), from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations
probable reserves	those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P)
possible reserves	those additional reserves which analysis of geoscience and engineering data suggest are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P) Reserves, which is equivalent to the high estimate scenario
PSA	petroleum sharing agreement
PRMS	Petroleum Resources Management System
reserves	those quantities of petroleum anticipated to be commercially recovered by application of development projects to known accumulations from a given date forward under defined conditions
reservoir	a subsurface rock formation containing an individual natural accumulation of moveable petroleum
SPE	Society of Petroleum Engineers
tcf	trillion cubic feet
trillion	10 to the power 12
unconventional reservoir	widely accepted to mean those hydrocarbon reservoirs that are tight; that is have low permeability

The estimates provided in this statement are based on the Petroleum Resources Management System (“PRMS”) published by the (“SPE”) and are reported consistent with the SPE’s 2011 guidelines. All definitions used in the announcement have the meaning given to them in the PRMS.

Directors' Report

The Directors are pleased to present this year's annual report together with the consolidated financial statements for the period ended 31 December 2016.

Principal Activities
The principal activity of the Company is to acquire a diverse portfolio of direct and indirect interests in exploration, development and production oil and gas assets which are based in the Americas, Europe or Africa.

Business Review and future developments
A review of the current and future development of the Company's business is given in the Chairman's Statement, incorporating the Strategic Report and Operational & Finance review on pages 2 to 9.

Results and Dividends
Loss on ordinary activities after taxation amounted to £0.52 million (2015: £2.77 million). The Directors do not recommend payment of a dividend.

Key Performance Indicators
Given the nature of the business and that the Company had adopted a new investing policy and is in the early stages of developing new operations, the directors are of the opinion that analysis using KPI's is not appropriate for an understanding of the development, performance or position of our businesses at this time.

Post Balance Sheet events
At the date these financial statements were approved, being 13 June 2017, the Directors were not aware of any significant post balance sheet events other than those set out in the notes to the financial statements.

Substantial Shareholdings
At 12 June 2017 the following had notified the Company of disclosable interests in 3% or more of the nominal value of the Company's shares:

Shareholder	Number of Shares	% of Issued Capital
TD Direct Investing Nominees (Europe) Limited	1,172,908,650	14.9%
Hargreaves Lansdown (Nominees) Limited	1,117,745,219	14.2%
HSDL Nominees Limited	1,027,446,632	13.1%
Barclayshare Nominees Limited	966,867,607	12.3%
Investor Nominees Limited	529,544,172	6.7%
HSBC Client Holdings Nominee (UK) Limited	422,958,963	5.4%
Wealth Nominees Limited	231,706,919	3.0%

Directors
The names of the Directors who served during the year are set out below:

Director	Date of Appointment	Date of Resignation
Executive Directors		
Neil Ritson		
Fergus Jenkins	10 August 2016	
Daniel Maling		
Non-Executive Directors		
Sandy Barblett		10 August 2016
Don Strang[1]		

1 Donald Strang stepped down from the role of Finance Director on 10 August 2016, but remained on the board as a Non-Executive Director.

Directors' Report (continued)

Directors' Remuneration
The Company remunerates the Directors at a level commensurate with the size of the Company and the experience of its Directors. The Remuneration Committee has reviewed the Directors' remuneration and believes it upholds the objectives of the Company with regard to this issue. Details of the Director emoluments and payments made for professional services rendered are set out in Note 4 to the financial statements.

Directors' Interests
The beneficial interests of the serving Directors in the shares and options of the Company during the period to 31 December 2016 were as follows

	At 31 December 2016 or date of resignation		At 31 December 2015	
Director	Shares	Options	Shares	Options
Neil Ritson	38,500,000	104,000,000	33,000,000	54,000,000
Daniel Maling	-	65,000,000	-	-
Sandy Barblett	600,000	11,250,000	600,000	11,250,000
Don Strang	-	40,000,000	-	-
Fergus Jenkins	1,000,000	65,000,000	-	15,000,000

Corporate Governance
A statement on Corporate Governance is set out on pages 13– 14.

Environmental Responsibility
The Company is aware of the potential impact that its investee companies may have on the environment. The Company ensures that it, and its investee companies at a minimum comply with the local regulatory requirements and the revised Equator Principles with regard to the environment.

Employment Policies
The Company will be committed to promoting policies which ensure that high calibre employees are attracted, retained and motivated, to ensure the ongoing success for the business. Employees and those who seek to work within the Company are treated equally regardless of sex, marital status, creed, colour, race or ethnic origin.

Health and Safety
The Company's aim will be to achieve and maintain a high standard of workplace safety. In order to achieve this objective the Company will provide training and support to employees and set demanding standards for workplace safety.

Payment to Suppliers
The Company's policy is to agree terms and conditions with suppliers in advance; payment is then made in accordance with the agreement provided the supplier has met the terms and conditions. Suppliers are typically paid within 30 days of issue of invoice.

Political Contributions and Charitable Donations
During the period the Company did not make any political contributions or charitable donations.

Annual General Meeting ("AGM")
This report and financial statements will be presented to shareholders for their approval at the AGM. The Notice of the AGM will be distributed to shareholders together with the Annual Report.

Statement of disclosure of information to auditors
As at the date of this report the serving directors confirm that:

- So far as each director is aware, there is no relevant audit information of which the Company's auditors are 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 are aware of that information

Auditors
A resolution to appoint Chapman Davis LLP and to authorise the Directors to fix their remuneration will be proposed at the next Annual General Meeting.

Directors' Report (continued)

Going Concern
The Directors note the losses that the Company has made for the year ended 31 December 2016. The Directors have prepared cash flow forecasts for the period ending 30 June 2018 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. Accordingly, the financial statements have been prepared on a going concern basis.

Statement of Directors' Responsibilities
The directors prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities. They are also responsible for ensuring that the annual report includes information required by the Alternative Investment Market.

Electronic communication
The maintenance and integrity of the Company's website is the responsibility of the directors: the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The Company's website is maintained in accordance with AIM Rule 26.

Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions

By order of the Board:

Neil Ritson
Chairman
13 June 2017

Corporate Governance Statement

The Board is committed to maintaining high standards of corporate governance. The Listing Rules of the Financial Services Authority incorporate the Combined Code, which sets out the principles of Good Governance, and the Code of Best Practice for listed companies. Whilst the Company is not required to comply with the Combined Code, the Company's corporate governance procedures take due regard of the principles of Good Governance set out in the Combined Code in relation to the size and the stage of development of the Company.

Board of Directors

The Board of Directors currently comprises three Executive Directors, and one Non- Executive Director. The Directors are of the opinion that the Board comprises a suitable balance and that the recommendations of the Combined Code have been implemented to an appropriate level. The Board, through the Chairman and executive directors in particular, maintains regular contact with its advisers and public relations consultants in order to ensure that the Board develops an understanding of the views of major shareholders about the Company.

Board Meetings

The Board meets regularly throughout the year. For the period ending 31 December 2016, the Board met 4 times (2015: 4) in relation to normal operational matters. The Board is responsible for formulating, reviewing and approving the Company's strategy, financial activities and operating performance. Day to day management is devolved to the Executive Directors' and management who are charged with consulting the Board on all significant financial and operational matters.

All Directors have access to the advice of the Company's solicitors and the Company Secretary necessary information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively, and all Directors have access to independent professional advice, at the Company's expense, as and when required.

Board Committees

The Board has established the following committees, each which has its own terms of reference:

Audit Committee

The Audit Committee considers the Company's financial reporting (including accounting policies) and internal financial controls. The Audit Committee comprises 3 Directors, Neil Ritson (Chairman), Dan Maling , and Don Strang, and is responsible for ensuring that the financial performance of the Company is properly monitored and reported on.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board on Directors' and senior executives' remuneration. It comprises 2 Directors, Don Strang (Chairman) and Neil Ritson. Non-Executive Directors' remuneration and conditions are considered and agreed by the Board. The Committee will also have regard to the terms which may be required to attract an experienced executive to join the Board from another company.

Internal controls

The Directors acknowledge their responsibility for the Company's systems of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Company and to ensure the reliability of financial information for both internal use and external publication. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of increased activity and further development of the Company, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

Risk Management

The Board considers risk assessment to be important in achieving its strategic objectives. There is a process of evaluation of performance targets through regular reviews by senior management to forecasts. Project milestones and timelines are regularly reviewed.

Risks and uncertainties

The principal risks facing the Company are set out below. Risk assessment and evaluation is an essential part of the Company's planning and an important aspect of the Company's internal control system.

General and economic risks

- contractions in the world's major economies or increases in the rate of inflation resulting from international conditions;
- movements in the equity and share markets in the United Kingdom and throughout the world;
- weakness in global equity and share markets in particular, in the United Kingdom, and adverse changes in market sentiment towards the resource industry;
- currency exchange rate fluctuations and, in particular, the relative prices of Canadian Dollar and US Dollar and the UK Pound;
- exposure to interest rate fluctuations; and

Corporate Governance Statement (continued)

• adverse changes in factors affecting the success of exploration and development operations, such as increases in expenses, changes in government policy and further regulation of the industry; unforeseen major failure, breakdowns or repairs required to key items of plant and equipment resulting in significant delays, notwithstanding regular programmes of
repair, maintenance and upkeep; variations in grades and unforeseen adverse geological factors or prolonged weather conditions.

Funding risk
• The Company or the companies in which it has invested may not be able to raise either by debt or further equity, sufficient funds to enable completion of planned exploration, investment and/or development projects.

Market risk
• The ability of the Company (and the companies it invests in) to continue to secure sufficient and profitable sales contracts to support its operations is a key business risk.

Insurance
The Company maintains insurance in respect of its Directors and Officers against liabilities in relation to the Company.

Treasury Policy
The Company finances its operations through equity and holds its cash as a liquid resource to fund the obligations of the Company. Decisions regarding the management of these assets are approved by the Board. Refer Note 18.

Securities Trading
The Board has adopted a Share Dealing Code that applies to Director, senior management and any employee who is in possession of 'inside information'. All such persons are prohibited from trading in the Company's securities if they are in possession of 'inside information'. Subject to this condition and trading prohibitions applying to certain periods, trading can occur provided the relevant individual has received the appropriate prescribed clearance.

Relations with Shareholders
The Board is committed to providing effective communication with the shareholders of the Company. Significant developments are disseminated through stock exchange announcements and regular updates of the Company website. The Board views the AGM as a forum for communication between the Company and its shareholders and encourages their participation in its agenda.

Independent Auditor's Report to the Members of Solo Oil plc

We have audited the financial statements of Solo Oil Plc for the period ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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, 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 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 Ethical Standards for Auditors.

Scope of the audit
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 31 December 2016 and of the Company's loss for the period then ended;
• the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
• the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion:
• the information given in the Directors' Report for the financial period 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:

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

Rowan J. Palmer (Senior Statutory Auditor)
for and on behalf of Chapman Davis LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
13 June 2017

Financial Statements

Statement of Comprehensive Income for the year ended 31 December 2016

	Notes	Year ended 31 December 2016 £000's	Year ended 31 December 2015 £000's
Revenue		**501**	**-**
Administrative expenses		(721)	(906)
Loss from operations	3	**(220)**	**(906)**
Impairment charge	**8, 10**	-	(875)
Amortisation charge	**9**	(275)	-
Finance costs	**6**	(29)	(386)
Finance revenue	**7**	-	-
Provision for losses on financial instrument	**13**	-	(606)
Loss before taxation		**(524)**	**(2,773)**
Income tax	**5**	**-**	**-**
Loss for the period		**(524)**	**(2,773)**
Other comprehensive income			
Decrease in value of Available for sale assets		(34)	(78)
Other comprehensive income for the year net of taxation		**(34)**	**(78)**
Total comprehensive income for the period attributable to equity holders of the parent		**(558)**	**(2,851)**
Loss per share (pence)			
Basic and diluted	**7**	**(0.01)**	**(0.05)**

Statement of Financial Position as at 31 December 2016

	Notes	31 December 2016	31 December 2015
		£000's	**£000's**
Assets			
Non- current assets			
Intangible asset	**8**	10,231	11,392
Oil & gas properties	**9**	2,483	
Available for sale assets	**10**	1,181	1,192
Total non-current assets		**13,895**	**12,584**
Current assets			
Trade and other receivables	**12**	1,336	523
Cash and cash equivalents		600	824
Total current assets		**1,936**	**1,347**
Total assets		**15,831**	**13,931**
Liabilities			
Current liabilities			
Trade and other payables	**14**	(444)	(234)
Derivative financial instrument	**13**	-	(314)
Borrowings	**15**	-	(112)
Total liabilities		**(444)**	**(660)**
Net assets		**15,387**	**13,271**
Equity			
Share capital	**16**	699	556
Deferred share capital	**16**	1,831	1,831
Share premium		27,559	25,077
Share-based payment reserve		933	884
AFS reserve		(116)	(82)
Retained loss		(15,519)	(14,995)
		15,387	**13,271**

The financial statements were approved by the board of directors and authorised for issue on 13 June 2017.
They were signed on its behalf by ;

Daniel Maling
Director

Fergus Jenkins
Director

Statement of Cash Flows for the year ended 31 December 2016

	Year ended 31 December 2016 £000's	Year ended 31 December 2015 £000's
Cash outflow from operating activities		
Operating loss	(220)	(906)
Adjustments for:		
Share-based payments	49	-
(Increase)/decrease in receivables	(813)	451
Increase in payables	210	54
Foreign exchange loss	93	6
Net cash outflow from operating activities	**(681)**	**(395)**
Cash flows from investing activities		
Interest received	-	-
Payments to acquire intangible assets	(1,597)	(2,649)
Net payments on settlements of derivative financial instruments	(450)	(110)
Payments to acquire Available for sale investments	-	(132)
Net cash outflow from investing activities	**(2,047)**	**(2,891)**
Cash flows from financing activities		
Proceeds from borrowings	-	336
Repayments of borrowings	(119)	(754)
Finance costs	(2)	(62)
Proceeds on issuing of ordinary shares	2,800	2,700
Cost of issue of ordinary shares	(175)	(131)
Net cash inflow from financing activities	**2,504**	**2,089**
Net decrease in cash and cash equivalents	**(224)**	**(1,197)**
Cash and cash equivalents at beginning of the period	**824**	**2,021**
Cash and cash equivalents at end of the period	**600**	**824**

The above Cash Flow should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the year ended 31 December 2016

	Share capital £000's	Deferred share capital £000's	Share premium £000's	Share based payments £000's	AFS reserve £000's	Accumulated losses £000's	Total equity £000's
Balance at 31 December 2014	**501**	**1,831**	**22,360**	**936**	**(4)**	**(12,291)**	**13,333**
Loss for the period	-	-	-	-	-	(2,773)	(2,773)
Decrease in value of Available for sale assets	-	-	-	-	(78)	-	(78)
Total comprehensive income	-	-	-	-	(78)	**(2,773)**	**(2,851)**
Share issue	55	-	2,848	-	-	-	2,903
Cost of share issue	-	-	(131)	-	-	-	(131)
Share-based payment charge	-	-	-	17	-	-	17
Share options expired	-	-	-	(69)	-	69	-
Total contributions by and distributions to owners of the Company	**55**	**-**	**2,717**	**(52)**	**-**	**69**	**2,789**
Balance at 31 December 2015	**556**	**1,831**	**25,077**	**884**	**(82)**	**(14,995)**	**13,271**
Loss for the period	-	-	-	-	-	(524)	(524)
Decrease in value of Available for sale assets	-	-	-	-	(34)	-	(34)
Total comprehensive income	**-**	**-**	**-**	**-**	**(34)**	**(524)**	**(558)**
Share issue	143	-	2,657	-	-	-	2,800
Cost of share issue	-	-	(175)	-	-	-	(175)
Share-based payment charge	-	-	-	49	-	-	49
Share options expired	-	-	-	-	-	-	-
Total contributions by and distributions to owners of the Company	**143**	**-**	**2,482**	**49**	**-**	**-**	**2,674**
Balance at 31 December 2016	**699**	**1,831**	**27,559**	**933**	**(116)**	**(15,519)**	**15,387**

1 Summary of significant accounting policies

General information and authorisation of financial statements

Solo Oil Plc is a public limited Company incorporated in England & Wales. The address of its registered office is Suite 3B, Princes House, 38 Jermyn Street, London SW1Y 6DN. The Company's ordinary shares are traded on the AIM Market operated by the London Stock Exchange. The financial statements of Solo Oil plc for the year ended 31 December 2016 were authorised for issue by the Board on 13 June 2017 and the balance sheets signed on the Board's behalf by Mr.Daniel Maling and Mr Fergus Jenkins.

Investing policy

Solo's Investing Policy is to acquire a diverse portfolio of direct and indirect interests in exploration, development and production oil and gas assets, and any other subsurface gas assets of potential commercial significance, located worldwide but predominantly in the Americas, Europe or Africa.

The Company (Solo) may invest by way of outright acquisition or by the acquisition of assets, including the intellectual property, of a relevant business, partnerships or joint venture arrangements. Such investments may result in the Company acquiring the whole or part of a company or project (which in the case of an investment in a company may be private or listed on a stock exchange, and which may be pre-revenue), may constitute a minority stake in the company or project in question and may take the form of equity, joint venture debt, convertible instruments, licence rights, or other financial instruments as the Directors deem appropriate.

Solo intends to be a long-term investor and the Directors will place no minimum or maximum limit on the length of time that any investment may be held.

There is no limit on the number of projects into which the Company may invest, nor the proportion of the Company's gross assets that any investment may represent at any time and the Company will consider possible opportunities anywhere in the world.

All of the Solo's assets will be held in its own name, or through wholly owned subsidiaries.

Statement of compliance with IFRS

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006. The principal accounting policies adopted by the Company are set out below.

New standards, amendments and interpretations adopted by the Company

No new and/or revised Standards and Interpretations have been required to be adopted, and/or are applicable in the current year by/to the Company, as standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2016 are not material to the Company.

New standards, amendments and interpretations not yet adopted

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

- IFRS 9 in respect of Financial Instruments which will be effective for the accounting periods beginning on or after 1 January 2018.

- IFRS 15 in respect of Revenue from Contracts with Customers which will be effective for accounting periods beginning on or after 1 January 2018.

- IFRS 16 in respect of Leases which will be effective for accounting periods beginning on or after 1 January 2019.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis, except for the measurement to fair value of assets and financial instruments as described in the accounting policies below, and on a going concern basis.

The financial report is presented in Pound Sterling (£) and all values are rounded to the nearest thousand pounds (£'000) unless otherwise stated.

Basis of consolidation

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. Consolidated financial statements would represent the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full. If a subsidiary has remained dormant throughout its incorporated life, there is no consolidation of that subsidiary required.

1 Summary of significant accounting policies (continued)

Available for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's available-for-sale financial assets include unlisted securities. These available-for-sale financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the available-for-sale reserve within equity, except for impairment losses and foreign exchange differences, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method and dividends are recognised in profit or loss within finance income

Revenue recognition

Revenue is recognised to the extent that the right to consideration is obtained in exchange for performance. Payment received in advance of performance is deferred on the balance sheet as a liability and released as services are performed or products are exchanged as per the agreement with the customer.

Revenue is generated from one main source of income currently. In the current year, revenue is being generated from the Company's Farm-in interests, on an accrued monthly basis, along with the associated costs.

Revenue from the production of gas, in which the Company has an interest with other producers, is recognised based on the Company's working interest and the terms of the relevant production sharing contracts. Differences between gas lifted and sold and the Company's share of production are not significant.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Foreign currencies

Transactions in currencies other than Sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in the income statement for the period.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of the overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the balance sheet date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised directly in equity (the "foreign exchange reserve").

Taxation

The tax expense represents the sum of the current tax and deferred tax.

The current tax is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The liability for current tax is calculated by using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives. The amortisation expense is included within the administrative expenses line in the consolidated income statement.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

1 Summary of significant accounting policies (continued)

Impairment of tangible and intangible assets excluding goodwill
At each balance sheet date the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If there is such indication then an estimate of the asset's recoverable amount is performed and compared to the carrying amount.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less that its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Oil and gas properties and other property, plant and equipment

(i) Initial recognition
Oil and gas properties and other property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses.
The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation and, for qualifying assets (where relevant), borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. The capitalised value of a finance lease is also included within property, plant and equipment.
When a development project moves into the production stage, the capitalisation of certain construction/development costs ceases, and costs are either regarded as part of the cost of inventory or expensed, except for costs which qualify for capitalisation relating to oil and gas property asset additions, improvements or new developments.

(ii) Depreciation/amortisation
Oil and gas properties are depreciated/amortised on a unit-of-production basis over the total proved developed and undeveloped reserves of the field concerned, except in the case of assets whose useful life is shorter than the lifetime of the field, in which case the straight-line method is applied. Rights and concessions are depleted on the unit-of-production basis over the total proved developed and undeveloped reserves of the relevant area.
The unit-of-production rate calculation for the depreciation/amortisation of field development costs takes into account expenditures incurred to date, together with sanctioned future development expenditure. An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income when the asset is derecognised.
The asset’s residual values, useful lives and methods of depreciation/amortisation are reviewed at each reporting period and adjusted prospectively, if appropriate.

(ii) Major maintenance, inspection and repairs
Expenditure on major maintenance refits, inspections or repairs comprises the cost of replacement assets or parts of assets, inspection costs and overhaul costs. Where an asset, or part of an asset that was separately depreciated and is now written off is replaced and it is probable that future economic benefits associated with the item will flow to the Company, the expenditure is capitalised. Where part of the asset replaced was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) and is immediately written off. Inspection costs associated with major maintenance programmes are capitalised and amortised over the period to the next inspection. All other day-to-day repairs and maintenance costs are expensed as incurred.

Provision for rehabilitation / Decommissioning Liability
The Company recognises a decommissioning liability where it has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of obligation can be made.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the field location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related oil and gas assets to the extent that it was incurred by the development/construction of the field. Any decommissioning obligations that arise through the production of inventory are expensed when the inventory item is recognised in cost of goods sold.
Changes in the estimated timing or cost of decommissioning are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to oil and gas assets.
Any reduction in the decommissioning liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the statement of profit or loss and other comprehensive income.

1 Summary of significant accounting policies (continued)

Provision for rehabilitation / Decommissioning Liability (continued)

If the change in estimate results in an increase in the decommissioning liability and, therefore, an addition to the carrying value of the asset, the Company considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment. If, for mature fields, the estimate for the revised value of oil and gas assets net of decommissioning provisions exceeds the recoverable value, that portion of the increase is charged directly to expense. Over time, the discounted liability is increased for the change in present value based on the discount rate that reflects current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the statement of profit or loss and other comprehensive income as a finance cost. The Company recognises neither the deferred tax asset in respect of the temporary difference on the decommissioning liability nor the corresponding deferred tax liability in respect of the temporary difference on a decommissioning asset.

Borrowings

Borrowings are recognised initially at fair value, net of any applicable transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method (if applicable).

Interest on borrowings is accrued as applicable to that class of borrowing.

Provisions

Provisions are recognised for liabilities of uncertain timing or amount that have arisen as a result of past transactions and are discounted at a pre-tax rate reflecting current market assessments of the time value of money and the risks specific to the liability.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when the Group has become a party to the contractual provisions of the instrument

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank and short term deposits with banks and similar financial institutions.

Trade and other receivables

Trade and other receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Financial liability and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Trade and other payables

Trade and other payables are non interest bearing and are stated at their nominal value.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated income statement over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the consolidated income statement is charged with the fair value of goods and services received. Equity-settled share-based payments are measured at fair value at the date of grant except if the value of the service can be reliably established. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

1 Summary of significant accounting policies (continued)

Critical accounting estimates and judgements

The Group makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of goodwill
The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows - actual outcomes may vary. If the carrying amount exceeds the recoverable amount then impairment is made.

Useful lives of intangible assets and property, plant and equipment
Intangible assets and property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are based on judgement and experience and periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the consolidated income statement in specific periods.

Share-based payments
The Group utilised an equity-settled share-based remuneration scheme for employees. Employee services received, and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments at the date of grant, excluding the impact of any non-market vesting conditions. The fair value of share options are estimated by using Black-Scholes valuation method as at the date of grant. The assumptions used in the valuation are described in note 12 and include, among others, the expected volatility, expected life of the options and number of options expected to vest.

Income taxes
The Group is subject to income tax in several jurisdictions and significant judgement is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due. The Group believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that the final tax outcome of such matters is different than the amounts recorded, the differences will impact income tax expense in the period in which such determination is made.

Deferred taxation

Deferred tax assets are recognised when it is judged more likely than not that they will be recovered.

Hydrocarbon reserve and resource estimates
Hydrocarbon reserves are estimates of the amount of hydrocarbons that can be economically and legally extracted from the Company's oil and gas properties. The Company estimates its commercial reserves and resources based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the hydrocarbon body and suitable production techniques and recovery rates. Commercial reserves are determined using estimates of oil and gas in place, recovery factors and future commodity prices, the latter having an impact on the total amount of recoverable reserves and the proportion of the gross reserves which are attributable to the host government under the terms of the Production-Sharing Agreements. Future development costs are estimated using assumptions as to the number of wells required to produce the commercial reserves, the cost of such wells and associated production facilities, and other capital costs. The current long-term gas price assumption used in the estimation of commercial reserves is US$3/MMTBU. The carrying amount of oil and gas development and production assets at 31 December 2016 is shown in Note 9.

The Company estimates and reports hydrocarbon reserves in line with the principles contained in the SPE Petroleum Resources Management Reporting System (PRMS) framework. As the economic assumptions used may change and as additional geological information is obtained during the operation of a field, estimates of recoverable reserves may change. Such changes may impact the Company's reported financial position and results, which include:

- The carrying value of exploration and evaluation assets; oil and gas properties; property, plant and equipment; and goodwill may be affected due to changes in estimated future cash flows
- Depreciation and amortisation charges in the statement of profit or loss and other comprehensive income may change where such charges are determined using the Units of Production (UOP) method, or where the useful life of the related assets change
- Provisions for decommissioning may require revision — where changes to the reserve estimates affect expectations about when such activities will occur and the associated cost of these activities
- The recognition and carrying value of deferred tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets

1 Summary of significant accounting policies (continued)

Critical accounting estimates and judgements (continued)

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely, from future either exploitation or sale, or whether activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The determination of reserves and resources is itself an estimation process that involves varying degrees of uncertainty depending on how the resources are classified. These estimates directly impact when the Company defers exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, in particular, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of the expenditure is unlikely, the relevant capitalised amount is written off in the statement of profit or loss and other comprehensive income in the period when the new information becomes available.

Units of production (UOP) depreciation of oil and gas assets

Oil and gas properties are depreciated using the UOP method over total proved developed and undeveloped hydrocarbon reserves. This results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining production from the field.

The life of each item, which is assessed at least annually, has regard to both its physical life limitations and present assessments of economically recoverable reserves of the field at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimates of future capital expenditure. The calculation of the UOP rate of depreciation/amortisation will be impacted to the extent that actual production in the future is different from current forecast production based on total proved reserves, or future capital expenditure estimates change. Changes to the proved reserves could arise due to changes in the factors or assumptions used in estimating reserves, including:

- The effect on proved reserves of differences between actual commodity prices and commodity price assumptions
- Unforeseen operational issues

Recoverability of oil and gas assets

The Company assesses each asset or cash generating unit (CGU) (excluding goodwill, which is assessed annually regardless of indicators) each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs of disposal (FVLCD) and value in use (VIU). The assessments require the use of estimates and assumptions such as long-term oil prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements, decommissioning costs, exploration potential, reserves (see (a) *Hydrocarbon reserves and resource estimates* above) and operating performance (which includes production and sales volumes). These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs.

Decommissioning costs

Decommissioning costs will be incurred by the Company at the end of the operating life of some of the Company's facilities and properties. The Company assesses its decommissioning provision at each reporting date. The ultimate decommissioning costs are uncertain and cost estimates can vary in response to many factors, including changes to relevant legal requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing, extent and amount of expenditure may also change — for example, in response to changes in reserves or changes in laws and regulations or their interpretation.

Therefore, significant estimates and assumptions are made in determining the provision for decommissioning.

As a result, there could be significant adjustments to the provisions established which would affect future financial results.

External valuers may be used to assist with the assessment of future decommissioning costs. The involvement of external valuers is determined on a case by case basis, taking into account factors such as the expected gross cost or timing of abandonment, and is approved by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The provision at reporting date represents management's best estimate of the present value of the future decommissioning costs required.

Equity reserves

Share capital is determined using the nominal value of shares that have been issued.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The share based payment reserve represents the cumulative amount which has been expensed in the income statement in connection with share based payments, less any amounts transferred to retained earnings on the exercise of share options.

Available Sale Financial Asset & Hedging reserve represents the market value movement of AFS investments, and the market value movement of the Company's share price in accordance with the Derivative Assets the Company holds, including the Equity Swap Asset.

Retained earnings include all current and prior period results as disclosed in the income statement

1 Summary of significant accounting policies (continued)

Going Concern

The Directors noted the losses that the Company has made for the Year Ended 31 December 2016. The Directors have prepared cash flow forecasts for the period ending 30 June 2018 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. Accordingly, the financial statements have been prepared on a going concern basis.

It is the prime responsibility of the Board to ensure the Company remains a going concern. At 31 December 2016 the Company had cash and cash equivalents of £600,000 and borrowings of £nil. The Company has minimal contractual expenditure commitments and the Board considers the present funds sufficient to maintain the working capital of the Company for a period of at least 12 months from the date of signing the Annual Report and Financial Statements. For these reasons the Directors adopt the going concern basis in the preparation of the Financial Statements.

2 Turnover and segmental analysis

An operating segment is a distinguishable component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's chief operating decision maker to make decisions about the allocation of resources and assessment of performance and about which discrete financial information is available. The chief operating decision maker has defined that the Company's only reportable operating segment during the period is that of oil & gas exploration & production..

The Company's current revenue is all generated in Tanzania from oil & gas production in accordance with its farm-in/profit sharing agreements, within Tanzania. However with this segment in its first period of production, and with the only major related transactions being the carrying value of the oil & gas properties assets as described in note 9, no further segmental analysis is deemed useful to disclose currently. The first period's revenue from this segmental was £501,000 (2015: £nil).

Subject to further acquisitions, the company expects to further review its segmental information during the forthcoming financial year and update accordingly.

In respect of the total assets, £2,541,000 (2015: £1,963,000) arise in the UK, and £300,000 (2015: £300,000) arise in Canada, £12,689,000 arise in Tanzania (2015: £11,092,000), and £576,000 arise in Nigeria (2015: £576,000).

3 Operating loss	**Year ended 31 December 2016 £000's**	**Year ended 31 December 2015 £000's**
Loss from operations has been arrived at after charging:		
Directors fees	267	279
Salaries and wages	40	35
Audit fees	13	13
Share-based payments	49	-
Amounts payable to auditors and their associates in respect of both audit and non-audit services:		
Audit services - statutory audit – Chapman Davis LLP	13	13
	13	13

4 Employee information and directors emoluments

	Year ended 31 December 2016 £000's	Year ended 31 December 2015 £000's
Staff information		
The average number of employees (excluding executive directors) was :	1	1
Their aggregate remuneration comprised :	**£000's**	**£000's**
Wages and salaries	40	35
Total	**40**	**35**
Directors' remuneration		
Total	**314**	**279**

Year ended 31 December 2016	**Salary and fees £000's**	**Share-based payments £000's**	**Total £000's**
Neil Ritson	125	12	137
Don Strang	58	9	67
Dan Maling (*2)	24	15	39
Fergus Jenkins	40	11	51
Sandy Barblett (*1)	20	-	20
	267	**47**	**314**

Year ended 31 December 2015	**Salary and fees £000's**	**Share-based payments £000's**	**Total £000's**
Neil Ritson	125	-	125
Don Strang	90	-	90
Fergus Jenkins	40	-	40
Sandy Barblett	24	-	24
	279	**-**	**279**

(*1) Resigned as a director on 10 August 2016.
(*2) Appointed as a director on 10 August 2016.

5 Taxation

	Year ended 31 December 2016 £000's	Year ended 31 December 2015 £000's
Current tax expense		
UK corporation tax and income tax of overseas operations on profits for the period	-	-
Total income tax expense	-	-
The reasons for the difference between the actual tax charge for the period and the standard rate of corporation tax in the UK applied to profits for the year are as follows:		
Loss for the period	(524)	(2,773)
Standard rate of corporation tax in the UK	20%	20/21%
Loss on ordinary activities multiplied by the standard rate of corporation tax	(105)	(562)
Expenses not deductible for tax purposes	70	304
Future income tax benefit not brought to account	35	258
Current tax charge for period	-	-

No deferred tax asset has been recognised because there is uncertainty of the timing of suitable future profits against which they can be recovered.

		Year ended 31 December 2016 £000's	Year ended 31 December 2015 £000's
6	**Finance costs**		
	Loan Interest	2	39
	Finance fees	-	23
	Losses on settled equity swap payments	27	307
	Share-based payments	-	17
	Total	**29**	**386**

		Year ended 31 December 2016 £000's	Year ended 31 December 2015 £000's
7	**Loss per share**		
	The calculation of loss per share is based on the loss after taxation divided by the weighted average number of shares in issue during the period:		
	Net loss after taxation (£000's)	(524)	(2,773)
	Number of shares		
	Weighted average number of ordinary shares for the purposes of basic loss per share (millions)	6,091.4	5,390.5
	Basic and diluted loss per share (expressed in pence)	(0.01)	(0.05)

As inclusion of the potential ordinary shares would result in a decrease in the earnings per share they are considered to be anti-dilutive, as such, a diluted earnings per share is not included.

8 Intangible assets

	Deferred exploration expenditure £000's	Total £000's
__Cost__		
As at 31 December 2014	**11,101**	**11,101**
Additions	2,649	2,649
As at 31 December 2015	**13,750**	**13,750**
Additions	1,597	1,597
Transfer to Oil & Gas Properties	(2,758)	(2,758)
As at 31 December 2016	**12,589**	**12,589**
__Accumulated amortisation and impairment__		
Balance at 31 December 2014	**2,058**	**2,058**
Impairment charge	300	300
Balance at 31 December 2015	**2,358**	**2,358**
Impairment charge	-	-
Balance at 31 December 2016	**2,358**	**2,358**
__Net book value__		
As at 31 December 2016	**10,231**	**10,231**
As at 31 December 2015	11,392	11,392

Impairment Review

The Directors have carried out an impairment review as at 31 December 2016, and determined that an impairment charge is not currently required. The Directors based this assessment on recent successful drilling at Ntorya-2 and continuing planned appraisal works in its Tanzanian,, Ruvuma Basin licences.

9 Oil & Gas properties

	Oil & Gas Properties £000's	Total £000's
Cost		
As at 31 December 2014 and at 31 December 2015	-	-
Transfer from intangible assets	2,758	2,758
As at 31 December 2016	**2,758**	**2,758**
Accumulated amortisation and impairment		
Balance at 31 December 2014 and at 31 December 2015	-	-
Amortisation charge	275	275
Balance at 31 December 2016	**275**	**275**
Net book value		
As at 31 December 2016	**2,483**	**2,483**
As at 31 December 2015	-	-

Impairment Review

The Oil & Gas properties comprise the 7.175% participating interest in the Kiliwani North, in Tanzania.

The Directors have carried out an impairment review as at 31 December 2016, and determined that an impairment charge is not currently required. The Directors based this assessment on continuing operational work schedules that are ongoing to improve operational efficiencies and production.

10 Available for sale financial assets

Investment in listed and unlisted securities	31 December 2016 £000's	31 December 2015 £000's
Valuation at beginning of the period	1,192	1,522
Additions at cost	-	335
Foreign exchange (loss)	-	(12)
Impairment provision – Burj Africa	-	(575)
Decrease in value of listed investment	(11)	(78)
Valuation at the end of the period	**1,181**	**1,192**
The available for sale investments splits are as below:		
Non-current assets – listed	5	16
Non-current assets - unlisted	1,176	1,176
	1,181	1,192

On 29 April 2015, the Company completed its exchange of its shareholding in Pan Minerals Oil and Gas AG ("Pan Minerals") for a direct holding of 15.9% in Burj Petroleum Africa Limited ("Burj Africa"), a private UK registered company created with the purpose of participating in the current marginal field licensing round in Nigeria. The Company also entered into an agreement to increase its investment in Burj Africa by acquiring an additional 5% holding in Burj Africa through a payment of US$200,000 in cash and, the equivalent of US$300,000 in 39,750,000 new Ordinary Shares at an issue price of 0.51 p per share. This was completed on 6 May 2015, as such the Company holds a total interest of 20% in Burj Africa. The holding cost of the Company's shares in Pan Minerals was equal to the acquisition cost of those shares, approximately £800,000. And thus following the transaction to convert those shares to a holding in Burj Africa and the acquisition of additional Burj Africa shares took the total holding value in Solo's accounts to approximately £1.1 million. On reviewing the carrying value at 31 December 2015, the Directors made the decision to make an impairment provision against Burj of 50%, £575,000. With recent improvements in the oil price and political landscape and activity levels in Nigeria the Directors believe the carrying values at 31 December 2016 to be appropriate.

Available-for-sale investments comprise investments in unlisted and listed securities which are traded on stock market throughout the world, and are held by the Company as a mix of strategic and short term investments.

11 Investment in subsidiaries

	31 December 2016 £000's	31 December 2015 £000's
As at 1 July	-	-
Additions	-	-
At 31 December	**-**	**-**

The only subsidiary of Solo Oil Plc, which is dormant, and has been since incorporation, is as follows:

Name	Country of incorporation	Proportion of ownership interest
Solo Oil International Limited	UK	100%

12 Trade and other receivables

Current trade and other receivables	31 December 2016 £000's	31 December 2015 £000's
Trade receivables	583	-
Loan to Horse Hill Developments Ltd	658	369
Prepayments	14	66
Other debtors	81	88
	1,336	**523**

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

13 Derivative financial instrument

Equity Swap	31 December 2016 £000's	31 December 2015 £000's
Fair value at 1 January	(314)	489
Settlements during the year	450	110
(Losses) on settlements	(136)	(307)
Provision at 31 December	-	(606)
Fair value at 31 December	**-**	**(314)**

On 24 September 2014, the Company announced that it had entered into an equity swap arrangement ("the Equity Swap Agreement") with YAGM over 157,894,737 of the Subscription Shares ("the Swap Shares"). In return for a payment by the Company to YAGM of £750,000, twelve monthly settlement payments in respect of such payment were to be made by YAGM to the Company, or by the Company to YAGM, based on a formula related to the difference between the prevailing market price (as defined in the Equity Swap Agreement) of the Company's ordinary shares in any month and a "benchmark price" that is 5% above the Subscription Price. Thus the funds received by the Company in respect of the Swap Shares are dependent on the future price performance of the Company's ordinary shares.

By 31 December 2014, no swaps had been closed out and no payments received from or made to YAGM. The full remaining balance has been fair valued at 31 December 2014, resulting in a provision with the resultant charge disclosed in the Income Statement.

On 27 March 2015, the Company agreed in exchange for a deferral payment of US$50,000 to YAGM to defer the start of the settlement Dates under the Swap Agreement until 1 May 2015.

During the year ended 31 December 2015, the Company completed 3 monthly settlements (October – December 2015), which as a result of the decline in the Company's share price realised a loss on settlement of £307,000 for the 3 months.

As at 31 December 2015, the remaining balance has been fair valued, resulting in a creditor balance of £314,000, and incurring an unrealised loss on revaluation of £606,000 through the income statement.

During the year ended 31 December 2016, the Company settled the swap for a total of £450,000 paid to YAGM, no further Swap arrangements have been entered into by the Company.

14 Trade and other payables

	31 December 2016	31 December 2015
Current trade and other payables	**£000's**	**£000's**
Trade payables	404	55
Other payables	18	138
Accruals	22	41
	444	**234**

The directors consider that the carrying amount of trade payables approximates to their fair value.

15 Borrowings

	31 December 2016	31 December 2015
Current trade and other payables	**£000's**	**£000's**
Loans – other (unsecured)	-	112
	-	**112**

On 24 September 2014, the Company agreed a US$5million debt facility with YA Global Master SPV ("YAGM"), and drew down the first US$1million on that date. This loan carried a twelve month repayment schedule at a fixed coupon of 10%. Any subsequent drawdowns were to be on the same terms and subject to approval by YAGM. This initial drawdown was fully repaid during the year ended 31 December 2015.

On 26 March 2015, the Company drew down a further US500,000 from the agreed debt facility, under the same repayment terms as above. As at 31 December 2015, four instalments remained outstanding, all of which have now been fully repaid during the year ended 31 December 2016 in accordance with the terms of the loan. No further debt facilities have been entered into by the Company.

16 Share capital

	Number of shares	Nominal value £000's
a) Called up, allotted, issued and fully paid: Ordinary shares of 0.01p each		
As at 31 December 2014	**5,013,194,207**	**501**
10 February 2015 - Placing for cash at 0.5p	140,000,000	14
21 April 2015 – Placing for cash at 0.55p	363,636,364	37
30 April 2015 – Non-cash issue at 0.51p on acquisition of Burj Petroleum Africa Ltd	39,750,000	4
As at 31 December 2015	**5,556,580,571**	**556**
7 April 2016 – Placing for cash at 0.25p	320,000,000	32
23 September 2016 – Placing for cash at 0.18p	1,111,111,111	111
As at 31 December 2016	**6,987,691,682**	**699**
b) Deferred shares		
Deferred shares of 0.69 pence each (2015: 265,324,634)	**265,324,634**	**1,831**

c) Total Share options in issue

During the year 212,500,000 options were granted (2015: nil).

As at 31 December 2016 the options in issue were:

Exercise Price	Expiry Date	Options in Issue 31 December 2015
1.54p	30 April 2018	7,000,000
0.5p	31 December 2020	204,000,000
0.5p	31 December 2020	68,500,000
0.3p	31 December 2020	100,000,000
0.35p	31 October 2021	212,500,000
		592,000,000

No options were exercised during the period (2015: nil).

No options lapsed during the period (2015: 28million). No options were cancelled during the period (2015: nil).

d) Total warrants in issue

During the year, no warrants were issued (2015: 15,328,167).

No warrants lapsed or were cancelled or exercised during the year (2015: nil).

As at 31 December 2016 the 31,952,777 warrants at 1.2p & 0.69p per share were outstanding. (2015: 31,952,777)

17 Share based payment

During the year the Company issued no options but did issue warrants in relation to loan draw-down financing. The total options and warrants and movements therein during the year were as follows:

	31 December 2016		31 December 2015	
	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)	Number
Outstanding at the beginning of the period	0.333	411,452,777	0.497	424,124,610
Granted during the period - warrants	-	-	0.69	15,328,167
Granted during the period - options	0.35	212,500,000	-	-
Cancelled during the period - options	-	-	-	-
Exercised during the period	-	-	-	-
Lapsed during the period - options	-	-	0.5	(28,000,000)
Lapsed during the period - warrants	-	-	-	-
Outstanding at the end of the period – Options & warrants	**0.452**	**623,952,777**	**0.333**	**411,452,777**

The exercise price of options outstanding at the end of the year ranged between 1.54p and 0.30p, and the exercise price of warrants outstanding at the end of the year ranged between 1.2p and 0.69p.

The weighted average fair value of each option granted during the period was 0.12p (2015: options nil).

The Company used the Black-Scholes model to determine the value of the options and the inputs were as follows:

	Issue 1/11/2016
Share price at grant (pence)	0.21
Fair Value price at grant (pence)	0.12
Expected volatility (%)	82.2%
Expected life (years)	5 years
Risk free rate (%)	0.61%
Expected dividends (pence)	nil

Expected volatility was determined by using the Company's share price for the preceding 12 months.

The total share-based payment expense in the year for the Company was £49,000l expense in relation to options (2015: £nil) and £nil finance charges in relation to warrants (2015: £17,000).

Employee Benefit Trust

The Company established on 7 December 2012, an employee benefit trust called the Solo Oil Employee Benefit Trust ("EBT") to implement the use of the Company's existing share incentive plan over 5% of the Company's issued share capital from time to time in as efficient a manner as possible for the beneficiaries of that plan. The EBT is a discretionary trust for the benefit of directors and employees of the Company and its subsidiaries.

No further subscriptions for shares in the Company has been made by the EBT during the years ended 31 December 2016 and 2015.

18 Financial instruments

The Company is exposed through its operations to one or more of the following financial risks:

- Fair value or cash flow interest rate risk
- Foreign currency risk
- Liquidity risk
- Credit risk
- Market risk

Policy for managing these risks is set by the Board. The policy for each of the above risks is described in more detail below.

Fair value and cash flow interest rate risk

Currently the Company does not have external borrowings. However, the Company has a policy of holding debt at a floating rate. The directors will revisit the appropriateness of this policy should the Company's operations change in size or nature. Operations are not permitted to borrow long-term from external sources locally.

Foreign currency risk

Foreign exchange risk arises because the Company has operations located in various parts of the world whose functional currency is not the same as the functional currency in which the company's investments are operating. The Company's net assets are exposed to currency risk giving rise to gains or losses on retranslation into sterling. Only in exceptional circumstances will the Company consider hedging its net investments in overseas operations as generally it does not consider that the reduction in volatility in consolidated net assets warrants the cash flow risk created from such hedging techniques.

Liquidity risk

The liquidity risk of each entity is managed centrally by the treasury function. Each operation has a facility with treasury, the amount of the facility being based on budgets. The budgets are set locally and agreed by the board annually in advance, enabling the cash requirements to be anticipated. Where facilities of entities need to be increased, approval must be sought from the finance director. Where the amount of the facility is above a certain level agreement of the board is needed.

All surplus cash is held centrally to maximise the returns on deposits through economies of scale. The type of cash instrument used and its maturity date will depend on the forecast cash requirements.

Credit risk

The Company is mainly exposed to credit risk from credit sales. It is Company policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

The Company does not enter into complex derivatives to manage credit risk, although in certain isolated cases may take steps to mitigate such risks if it is sufficiently concentrated.

Market risk

As the company is now investing in listed companies, the market risk will be that of finding suitable investments for the company to invest in and the returns that those investments will return given the markets that in which investments are made.

19 Related party transactions

The company had the following amounts outstanding from its investee companies (Note 10) at 31 December:

	2016	**2015**
	£'000	**£'000**
Horse Hill Development Ltd ("Horse Hill")	658	369

The above loan outstanding is included within trade and other receivables, Note 12. The loan to Horse Hill has been made in accordance with the terms of the investment agreement whereby it accrues interest daily at the Bank of England base rate and is repayable out of future cash flows.

There were no transactions between the parent and its dormant subsidiary, which are related parties, during the period. Details of director's remuneration, being key personnel, are given in note 4.

Remuneration of Key Management Personnel

The remuneration of the directors, and other key management personnel of the Company, is set out below in aggregate for each of the categories specified in IAS24 Related party Disclosures.

	Year ended 31 December 2016	**Year ended 31 December 2015**
	£'000s	**£'000s**
Short-term employee benefits	317	314
Share-based payments	47	-
	364	**314**

20 Ultimate controlling party

In the opinion of the directors there is no controlling party.

21 Retirement benefit scheme

The Company does not operate either a defined contribution or defined benefit retirement scheme.

22 Commitments

As at 31 December 2016, the Company had no material commitments**.**

23 Post balance sheet event

On 16 February 2017, Solo announced that the Company had raised £2,000,000 (before expenses) through a Company sponsored placing (the "**Placing**") of 400,000,000 new ordinary shares of 0.01p (the "Placing Shares") at a price of 0.50p per Placing Share (the "Placing Price") representing approximately 5.7% of the issued share capital prior to Admission of the Placing Shares..

On 22 March 2017, Solo announced that it had agreed to acquire a 10% interest in Helium One Limited ("Helium One") for a total consideration of £2.55 million (the "Initial Investment"). Solo has also been granted a 90-day call option to increase its investment in Helium One by a further 10%, for an additional investment of £4million, which would increase its stake to 20%. The Initial Investment is for 10% of the post-money issued capital of Helium One. The consideration totalling £2.55 million is comprised £1.2 million in cash and £1.35 million payable by the issue to Helium One of such number of fully paid ordinary shares in Solo ("Consideration Shares") at a Solo share price equal to the five trading day VWAP immediately prior to the issue of those shares. The Consideration Shares will be issued subject to the terms of a standard orderly market agreement and admission to trading on AIM. The cash element payable by Solo is being funded by the Subscription as set out below. Upon closing of the Initial Investment the Company shall grant to Solo the right to subscribe for one share for every one share subscribed for under the Initial Investment at a price of US$0.40 per share for a period of 2 years from the date of grant. Helium One will additionally be issued 236,842,105 shares based on the calculated five trading day VWAP of 0.57p per Consideration Share.

Also on 22 March 2017, Solo announced it had raised £1,200,000 (before expenses) with institutional and private investors through a Company arranged subscription (the "Subscription") of 222,222,222 new ordinary shares of 0.01p (the "Subscription Shares") at a price of 0.54p per Subscription Share (the "Subscription Price") representing approximately 3.0 % of the issued share capital prior to Admission of the Subscription Shares.

On 11 May 2017, Solo announced that the Company's Non-Executive Chairman, Neil Ritson, will take up the role of Executive Chairman with immediate effect.

On 23 May 2017, Solo announced that they had cancelled the General Meeting, notice of which was given on 19 May 2017, in regards to the approval of further fund-raising, investment policy update, and authority to allot the shares necessary to complete the second stage investment into Helium One Ltd as detailed above The Company announced they had made the decision not to exercise the call option with Helium One, and thus had terminated plans to raise the funds to complete that transaction..

Corporate Information

DIRECTORS	Neil Ritson – Executive Chairman Daniel Maling – Executive Director Don Strang – Non Executive Director Fergus Jenkins – Executive Director
COMPANY SECRETARY	Kiran Morzaria
REGISTERED OFFICE	Suite 3B, Princes House 38 Jermyn Street London SW1Y 6DN
NOMINATED ADVISOR AND JOINT BROKER	Beaumont Cornish Limited 2nd Floor, Bowman House, 29 Wilson Street London EC2M 2SJ
AUDITORS	Chapman Davis LLP 2 Chapel Court London SE1 1HH
PUBLIC RELATIONS	Bell Pottinger 5th Floor, Holborn Gate 330 High Holborn London WC1V 7QD
JOINT BROKER	Shore Capital Stockbrokers Limited Bond Street House 14 Clifford Street London W1S 4JU
SOLICITORS	Hill Dickinson LLP The Broadgate Tower 20 Primrose Street London EC2A 2EW
REGISTRARS	Share Registrars Limited Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey,