SOLO OIL PLC

ANNUAL REPORT AND ACCOUNTS

FOR THE PERIOD ENDED 31 DECEMBER 2013

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.

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Chairman's Statement

I am pleased to present the report of the Company's activities for the period ending 31 December 2013. Trading conditions for junior oil and gas companies continued to be difficult in 2013 and this had an effect on the pace of operations being undertaken by the operators of our various ventures. Solo depends on the operators and partners in our joint ventures to progress operations and when funding and other factors delay operations this has a knock-on effect on the Solo portfolio. Throughout 2014 many of these conditions remain largely unchanged, however, I am happy to report that significant progress is now being made with our most material asset, the Ntorya gas condensate discovery in Tanzania.

The Solo portfolio currently encompasses exploration and development assets in Tanzania, Canada and the UK, and an option to acquire an interest in an oil development in West Africa. Further opportunities continue to be investigated with a view to enlarging the investment spread.

Investment Strategy

The Company has continued to pursue its approved investment strategy to develop a diverse portfolio of exploration, development and production interests on a global basis with the primary focus being in Africa.

Highlights for the period include:

- Award of an Appraisal Licence for the Ntorya gas condensate discovery in Tanzania
- Mobilisation of a seismic crew to the Ruvuma PSA to commence acquiring of additional 2D data
- Extension of the exploration drilling commitments in Ruvuma PSA until late 2016

Following the reporting period:

- Solo signed an agreement to acquire a 10% interest in Horse Hill Development Limited
- Site preparation commenced at the Horse Hill-1 well site
- Seismic data acquisition commenced in the Ntorya Appraisal Licence of Ruvuma

Outlook

We look forward to a strengthening market and renewed interest in our Tanzania and UK projects during the remainder of 2014 and I would like to thank shareholders for their ongoing support.

David Lenigas
Executive Chairman
29 April 2014

Chief Executive's Report

Tanzania

The Ruvuma Petroleum Sharing Agreement ("Ruvuma PSA") lies in the south-east of Tanzania and covers approximately 3,447 square kilometres of which some 10% lies offshore and the balance onshore. In 2010 Solo exercised its option to obtain a direct 12.5% working interest in the Ruvuma PSA following the successful drilling of the Likonde-1 well. During the drilling of the Ntorya-1 well in 2012 Solo further increased its working interest and now holds a 25% interest. Within the Ruvuma PSA there are two separate licence areas known as Lindi in the north and Mtwara in the south. Mtwara is contiguous with the Mozambique border and both licence areas border the coast where very substantial gas discoveries have been made in recent years.

The Likonde-1 well was drilled in the Lindi Block to a total depth of 3,647 metres and was plugged and abandoned after discovery of a 250 metre gross interval of sands with residual oil shows and reaching a gas zone close to total depth. Having confirmed the presence of a working hydrocarbon play system work was focussed on determining the optimum location for the drilling of the second commitment well. After reprocessing and reinterpretation of the 2D seismic data a location for a well was selected approximately 14 kilometres south of Likonde-1 at Ntorya.

The Ntorya-1 gas condensate discovery well was drilled in 2011 and 2012. The well was reached a final total depth of 3,150 metres and a gas zone between 2,663 and 2,688 metres was tested in June 2012. Flow testing on a 3.5 metres zone at the top of the gross 25 metre gas bearing interval produced a maximum 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" choke. Following the completion of the test sequence the well was suspended as a discovery for subsequent additional testing or production. An appraisal licence covering 760 square kilometres of the PSA was granted by the Tanzanian authorities in July 2013 and work commenced in defining the potential development of the Ntorya discovery.

The Ntorya discovery has been attributed by ISIS Consulting (ISIS) with gross 178 billion cubic feet (bcf) of gross discovered in-place reserves and a further 1 trillion cubic feet (tcf) of unrisked potential gas in place. Establishing the most likely mean volume of recoverable reserves and the production rate per well will be key aspects of the planned studies. Additional seismic data to infill the existing 2D grid is required to better define the closure and to assist in the siting of appraisal/development wells.

A resource report was prepared on the Ruvuma PSA by ISIS and published in 2012. Unrisked gross total resources of 5.75 tcf GIIP were attributable to the Ruvuma PSA and a number prospects and leads of up to 2.6 tcf GIIP were identified. It is intended that further seismic data will be acquired over the various prospects and that exploration drilling will be undertaken following a farm-out.

In 2013 Solo and Aminex agreed to conduct a joint farm-out of up to 50% of their mutual interests. Expressions of interest were received from a number of parties, however, no final agreement was reached and the partners agreed to proceed to acquiring additional seismic data, especially over the Ntorya discovery, in order to better define the resource potential prior to reoffering the area for potential farm-out in 2014. The 1st Extension period drilling commitments be deferred in to the 2nd Extension period and the joint venture has until late 2016 to complete the commitments of both exploration periods; namely the drilling of two wells in each of the Lindi and Mtwara licence areas.

Construction of the Chinese financed 36" gas pipeline from Mtwara to Dar es Salaam has progressed well and it is expected that commissioning will be completed in 2014. Based on the reported net-back price to the well head scoping economics for Ntorya have been prepared and show the development to be robust under most scenarios. The close proximity of the pipeline to the Ntorya discovery and to various undrilled prospects in the PSA greatly enhances the economics for gas production and negotiations on gas sales from the Ntorya Field are expected to commence during 2014.

Canada

In 2010 Solo made a participating loan to Reef Resources Limited (Reef) in order to finance the recommencement of oil and gas production at the Ausable Field in SW Ontario. Production was restarted at in late 2010 and in 2011 Reef drilled the Ausable #5 well close to the crest of the Ausable reef demonstrating 72 metre net oil column within carbonate reservoir facies. Following the successful proof of the concept for redeveloping Ausable, Solo negotiated the conversion of its existing loan to a direct 23.8% working interest in all of Reef's Ontario properties which include a 23,500 acre 3D seismic survey, 1,800 acres of petroleum leases, five Ausable wells, the Airport South #1 and Airport North #1 wells and all associated surface facilities. Solo executed a further option to increase its participation and currently holds an interest of 28.56%.

In 2012, following only intermittent oil and gas production, Solo conducted an independent technical re-evaluation of the project and concluded that the project remained viable, but that changes in operating practice were required. During this reporting period Reef has had inadequate capital resources to continue field development and consequently Solo has not made any further direct investment.

Reef made an unsolicited offer to repurchase Solo's 28.56% interest in November 2013 subject to financing. To date Reef has been unable to close financing and no progress has been made with either the project or any potential sale.

West Africa
In May 2013 the Company entered into a Share Purchase Agreement with Pan Minerals & Oil AG (Pan Minerals) to acquire an initial 15% stake in Pan Minerals and obtain a Right of First Refusal (ROFR) to allow Solo to increase its direct equity interest in Pan Minerals up to 49.9%. Pan Minerals is a special purpose vehicle based in Switzerland with a negotiated agreement to participate in the redevelopment of an onshore oil field in West Africa where production of over 2,000 bopd could be quickly established.

Pan Mineral's access to the opportunity requires that funding for the initial phase of field development is in place before operations commence. Securing funding, through bank debt and off-take agreements, is the primary focus at this time.
The purpose of Solo's initial investment was to assist Pan Minerals in concluding the financial arrangements necessary to bring the field into production. Subsequently the ROFR has been extended by mutual agreement to allow more time to conclude the full financing and the Solo investment increased to 19.9% of Pan Minerals.

Progress on financing the field development has been slower than expected and at the time of this report Pan Minerals reports that negotiations with various lending institutions are continuing with a view to closing financing in 1H2014.

In the interim Pan Minerals has continued to seek additional field development opportunities and is actively pursuing several opportunities that will greatly enhance the portfolio is access can be obtained.

United Kingdom
In early 2014, after the close of the 2013 financial year, and following a period of review of UK activities and due diligence of the PEDL137 licence in particular Solo entered into a share acquisition agreement in Horse Hill Development Limited (HHDL), a special purpose vehicle which holds operatorship and rights to drill through a farm-in with Magellan Petroleum (UK) Limited. Solo acquired a 10% interest in HHDL which is equivalent to a 6.5% interest in the Horse Hill prospect and the remainder of the 99.3 square kilometre Petroleum Exploration and Development Licence (PEDL) in the Weald Basin of Surrey.

At the time of this report the Horse Hill-1 well is scheduled to be drilled in the summer of 2014 and will be targeting conventional stacked oil pay zones in the Portland and Corallian sandstones and the Great Oolite limestones. These Jurassic age reservoirs have proven to be productive elsewhere in the Weald Basin. The well will also be deepened to approximately 2,650 metres (8,680 feet) to test the possibility of a Triassic gas accumulation. Previous drilling in the vicinity of the prospect by Esso in 1964 (Collendean Farm-1) on the north-east edge of the Horse Hill prospect is believed, based on more recent seismic data, to have drilled off structure although oil shows were recorded at various Jurassic levels.

The gross mean unrisked oil in place for the Jurassic targets is estimated at 340 million barrels with total mean unrisked prospective resources of 87 million barrels. The gross unrisked mean prospective resources of gas in the Triassic have been estimated at 164 billion cubic feet (approximately 28 million barrels oil equivalent).

Financial Results
The Company's loss for the 18 month period is £3.12 million (2012: £1.02 million) in which it earned sales revenue of nil (2012: £nil).

During the period the Company spent £1.4 million (2012: £3.6 million) on acquisition and enhancement of intangible assets. Amortisation of intangible assets for the period, including an impairment charge, is £1.7million (2012: nil).

Immediate Outlook
The Ruvuma PSA represents a very significant opportunity to the Company with the potential that the existing discovery could be commercialised in the next few years and that significant gas and liquids remains to be discovered in this lightly explored area.

The investment in Ontario will continue to be closely monitored and efforts made to seek an acceptable return for shareholders. The investment in Pan Minerals is hoped to lead to an early exposure to existing proven reserves in West Africa.

The imminent drilling of the Horse Hill prospect and additional opportunities within PEDL137 also represent opportunities for early production should commercial volumes be discovered.

The Company is also continuing to seek further investment opportunities, with several opportunities currently being evaluated.

Neil Ritson
Executive Director
29 April 2014

GLOSSARY & NOTES

2D = two-dimensional
3D = three-dimensional
API = American Petroleum Institute
bbls = barrels of oil
bcf = billion cubic feet
boe = barrels of oil equivalent calculated on the basis of six thousand cubic feet of gas equals one barrel of oil
boepd = boe per day
bopd = barrels of oil per day
bpd = barrels per day
CDN$ = Canadian dollar
EOR = enhanced oil recovery
GIIP = gas initially in place
mmscf = million standard cubic feet of gas per day
mmscfd = mmscf per day
PSC = Production Sharing Contract
tcf = trillion cubic feet

All figures are net to Solo unless otherwise stated
All reserves and resources definitions used are per the Society of Petroleum Engineers' Petroleum Resources Management System unless otherwise stated.

Competent Person's statement:
The information contained in this document has been reviewed and approved by Neil Ritson, Executive Director 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 35 years relevant experience in the oil industry.

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 2013.

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 Chief Executive's report on pages 3 to 4.

Results and Dividends
Loss on ordinary activities after taxation amounted to £3.12 million (2012: £1.02 million). The Directors do not recommend payment of a dividend.

Key Performance Indicators
Given the nature of the business and that the Company has recently 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 29 April 2014, 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 22 April 2014 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	619,803,258	13.5%
Barclayshare Nominees Limited	584,471,177	12.7%
HSDL Nominees Limited	566,037,717	12.3%
Investor Nominees Limited	314,428,149	6.8%
HSBC Client Holding Nominee (UK) Limited	293,596,744	6.4%
Peel Hunt Holdings Limited	228,969,080	5.0%
Hargreaves Lansdown (Nominees) Limited (HLNOM)	186,420,772	4.1%
Forest Nominees Limited	161,643,865	3.5%
Hargreaves Lansdown (Nominees) Limited (VRA)	146,964,874	3.2%

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

Director	Date of Appointment	Date of Resignation
Executive Directors		
David Lenigas		
Neil Ritson		
Non-Executive Directors		
Sandy Barblett		
Kiran Morzaria		26 March 2012

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' Report (continued)

Directors' Interests

The beneficial interests of the serving Directors in the shares and options of the Company during the period to 31 December 2013 were as follows

	At 31 December 2013		At 30 June 2012	
Director	Shares	Options	Shares	Options
David Lenigas	2,850,000	104,000,000	2,850,000	90,000,000
Neil Ritson	21,000,000	66,500,000	21,000,000	52,500,000
Sandy Barblett	600,000	14,250,000	600,000	14,250,000

Corporate Governance

A statement on Corporate Governance is set out on pages 9 – 10.

Environmental Responsibility

The Company is aware of the potential impact that its subsidiary companies may have on the environment. The Company ensures that it, and its subsidiaries 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.

Going Concern

Notwithstanding the loss incurred during the period under review, the Directors are of the opinion that ongoing evaluations of the Company's interests and cash resources, indicate that preparation of the Company's accounts on a going concern basis is appropriate.

Directors' Report (continued)

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:

David Lenigas
Executive Chairman
29 April 2014

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 two 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 2013, the Board met 10 times (2012: 8) 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 Director 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 2 Directors, David Lenigas (Chairman) and Sandy Barblett, 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, David Lenigas (Chairman) and Sandy Barblett. 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 Australian Dollar, Canadian Dollar and US Dollar and the UK Pound;

Corporate Governance Statement (continued)

• exposure to interest rate fluctuations; and

• 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 16.

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 2013 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 22. 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

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 2013 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.

Keith Fulton (Senior Statutory Auditor)
for and on behalf of Chapman Davis LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
29 April 2014

Financial Statements

Statement of Comprehensive Income for the period ended 31 December 2013

	Notes	18 months ended 31 December 2013 £000's	Year ended 30 June 2012 £000's
Revenue		-	-
Administrative expenses	3	(1,485)	(917)
Loss from operations		**(1,485)**	**(917)**
Impairment charge	9	(1,658)	-
Finance costs	6	-	(100)
Finance revenue	7	26	-
Loss before taxation		**(3,117)**	**(1,017)**
Income tax	5	-	-
Loss for the period		**(3,117)**	**(1,017)**
Other comprehensive income			
Exchange differences on translation of foreign operations		-	-
Other comprehensive income for the year net of taxation		-	-
Total comprehensive income for the period attributable to equity holders of the parent		**(3,117)**	**(1,017)**
Loss per share (pence)			
Basic and diluted	8	**(0.08)**	**(0.04)**

Statement of Financial Position as at 31 December 2013

	Notes	31 December 2013	30 June 2012
		£000's	£000's
Assets			
Non- current assets			
Investment in subsidiaries	**11**	-	-
Intangible asset	**9**	8,449	8,661
Available for sale assets	**10**	816	-
Total non-current assets		**9,265**	**8,661**
Current assets			
Trade and other receivables	**12**	1,291	870
Cash and cash equivalents		1,956	112
Total current assets		**3,247**	**982**
Total assets		**12,512**	**9,643**
Liabilities			
Current liabilities			
Trade and other payables	**13**	(116)	(1,170)
Total liabilities		**(116)**	**(1,170)**
Net assets		**12,396**	**8,473**
Equity			
Share capital	**14**	460	269
Deferred share capital	**14**	1,831	1,831
Share premium		19,852	13,243
Share-based payment reserve		696	507
Warrant reserve		-	33
Retained loss		(10,443)	(7,410)
		12,396	**8,473**

The financial statements were approved by the board of directors and authorised for issue on 29 April 2014.
They were signed on its behalf by ;

David Lenigas	**Neil Ritson**
Director	Director

Statement of Cash Flows for the period ended 31 December 2013

	18 Months ended 31 December 2013 £000's	Year ended 30 June 2012 £000's
Cash outflow from operating activities		
Operating loss	(1,485)	(917)
Adjustments for:		
Share-based payments	240	69
(Increase) in receivables	(421)	(425)
(Decrease)/increase in payables	(1,054)	1,014
Cash used in operating activities	(2,720)	(259)
Income tax	-	-
Net cash outflow from operating activities	**(2,720)**	**(259)**
Cash flows from investing activities		
Interest received	26	-
Payments to acquire intangible assets	(1,446)	(3,649)
Payments to acquire Available for sale investment	(516)	-
Net cash outflow from investing activities	**(1,936)**	**(3,649)**
Cash flows from financing activities		
Proceeds on issuing of ordinary shares	6,878	1,929
Cost of issue of ordinary shares	(378)	-
Net cash inflow from financing activities	**6,500**	**1,929**
Net increase/(decrease) in cash and cash equivalents	**1,844**	**(1,979)**
Cash and cash equivalents at beginning of the period	**112**	**2,091**
Cash and cash equivalents at end of the period	**1,956**	**112**

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

Statement of Changes in Equity for the period ended 31 December 2013

	Share capital £000's	Deferred share capital £000's	Share premium £000's	Share based payments £000's	Warrant reserve £000's	Accumulated losses £000's	Total equity £000's
Balance at 30 June 2011	**233**	**1,831**	**11,250**	**438**	**33**	**(6,393)**	**7,392**
Loss for the year	-	-	-	-	-	(1,017)	(1,017)
Total comprehensive income	-	-	-	-	-	**(1,017)**	**(1,017)**
Share issue	36	-	1,993	-	-	-	2,029
Cost of share issue	-	-	-	-	-	-	-
Share-based payment charge	-	-	-	69	-	-	69
Total contributions by and distributions to owners of the Company	36	-	1,993	69	-	-	2,098
Balance at 30 June 2012	**269**	**1,831**	**13,243**	**507**	**33**	**(7,410)**	**8,473**
Loss for the period	-	-	-	-	-	(3,117)	(3,117)
Total comprehensive income	-	-	-	-	-	**(3,117)**	**(3,117)**
Share issue	191	-	6,987	-	-	-	7,178
Cost of share issue	-	-	(378)	-	-	-	(378)
Share options and warrants lapsed	-	-	-	(51)	(33)	84	-
Share-based payment charge	-	-	-	240	-	-	240
Total contributions by and distributions to owners of the Company	191	-	6,609	189	(33)	84	7,040
Balance at 31 December 2013	**460**	**1,831**	**19,852**	**696**	**-**	**(10,443)**	**12,396**

Notes to the financial statements for the period ended 31 December 2013

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 18 months ended 31 December 2013 were authorised for issue by the Board on 29 April 2014 and the balance sheets signed on the Board's behalf by Mr. Neil Ritson and Mr David Lenigas.

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 and interpretations not applied

IASB (International Accounting Standards Board) and IFRIC (International Financial Reporting Interpretations Committee) have issued the following standards and interpretations with an effective date after the date of these financial statements:

IFRS 13 Fair Value Measurement

The Company has applied IFRS13 for the first time in the current year. IFRS13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS13 includes extensive disclosure requirements.

IFRS13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard.

In accordance with these transitional provisions, the Company has not made any new disclosures required by IFRS13 for the 2012 comparative period. Other than the additional disclosures, the application of IFRS13 has not had any impact on the amounts recognised in the consolidated financial statements.

Amendments to IAS1 Presentation of Financial Statements
(as part of the Annual Improvements to IFRSs 2009; 2011 Cycle issued in May 2012)
The Annual Improvements to IFRSs 2009; 2011 have made a number of amendments to IFRSs. The amendments that are relevant to the Company are the amendments to IAS1 regarding when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented. The amendments specify that a third statement of financial position is required when a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position.
This has no impact for the 2013 financial statements.

Amendments to IFRS7 Disclosures
The Company has applied the amendments to IFRS7 Disclosures–Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to IFRS7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.
As the Company does not have any offsetting arrangements in place, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the consolidated financial statements.

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 (and in some cases had not yet been adopted by the EU):

IFRS9	Financial Instruments
IFRS10	Consolidated Financial Statements
IFRS12	Joint Arrangements#
IAS27 (revised)	Investment Entities
IAS28 (revised)	Investments in Associates and Joint Ventures
IAS32 (revised)	Offsetting Financial Assets and Financial Liabilities
IAS36 (revised)	Recoverable Amount Disclosures for Non Financial Assets
IAS39 (revised)	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC Interpretation21 Levies	

The directors do not expect that the adoption of the Standards and Interpretations listed above will have a material impact on the financial statements of the Group in future periods, except as that IFRS9 will impact both the measurement and disclosures of Financial Instruments. Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

The directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods, however, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

1 Summary of significant accounting policies (continued)

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. The consolidated financial statements present 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.

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.

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.

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.

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.

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.

Determination of fair values of intangible assets acquired in business combinations

The fair value of patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that would have been avoided as a result of the trademark or a patent being owned. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the asset.

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.

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.

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

Going Concern

The financial report for the period ended 31 December 2013 has been prepared on a going concern basis.

2 Turnover and segmental analysis

The Company has not generated any revenues from external customers during the period.

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 mining.

Subject to further acquisitions the Company expects to further review its segmental information during the forthcoming financial year.

In respect of the total assets, £3,247,000 (2012: £982,000) arise in the UK, and £1,000,000 (2012: £2,423,000) arise in Canada, £7,449,000 arise in Tanzania (2012: £6,238,000), and £816,000 arise in Switzerland (2012: £Nil).

	18 Months ended 31 December 2013 £000's	Year ended 30 June 2012 £000's
3 Operating loss		
Loss from operations has been arrived at after charging:		
Directors fees	324	167
Salaries and wages	87	64
Audit fees	16	15
Share-based payments	240	69
Amounts payable to auditors and their associates in respect of both audit and non-audit services:		
Audit services - statutory audit – Chapman Davis LLP	16	15
	16	15

4 Employee information and directors emoluments

	18 Months ended 31 December 2013 £000's	Year ended 30 June 2012 £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	87	64
Total	**87**	**64**
Directors' remuneration		
Total	**422**	**236**

18 Months ended 31 December 2013	**Salary and fees £000's**	**Share-based payments £000's**	**Total £000's**
Neil Ritson	138	49	187
David Lenigas	150	49	199
Sandy Barblett	36	-	36
	324	**98**	**422**

Year ended 30 June 2012	**Salary and fees £000's**	**Share-based payments £000's**	**Total £000's**
Neil Ritson	65	31	96
David Lenigas	60	31	91
Sandy Barblett	24	7	31
Kiran Morzaria (*)	18	-	18
	167	**69**	**236**

(*) Resigned as a director on 26 March 2012.

Notes to the financial statements for the period ended 31 December 2013 (continued)

		18 Months ended 31 December 2013 £000's	Year ended 30 June 2012 £000's
5	**Taxation**		
	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	(3,117)	(1,017)
	Standard rate of corporation tax in the UK	23/24%	24/26%
	Loss on ordinary activities multiplied by the standard rate of corporation tax	(732)	(260)
	Expenses not deductible for tax purposes	446	17
	Future income tax benefit not brought to account	286	243
	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.

		18 Months ended 31 December 2013 £000's	Year ended 30 June 2012 £000's
6	**Finance costs**		
	Equity Line Facility commitment fee (Note 17)	-	100

		18 Months ended 31 December 2013 £000's	Year ended 30 June 2012 £000's
7	**Finance revenue**		
	Interest on cash deposits	26	-

		18 Months ended 31 December 2013 £000's	Year ended 30 June 2012 £000's
8	**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)	(3,117)	(1,017)
	Number of shares		
	Weighted average number of ordinary shares for the purposes of basic loss per share (millions)	3,960.3	2,435.3
	Basic and diluted loss per share (expressed in pence)	(0.08)	(0.04)

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.

9 Intangible assets

	Deferred exploration expenditure £000's	Total £000's
Cost		
As at 30 June 2011	3,756	3,756
Additions	4,905	4,905
Disposal	-	-
As at 30 June 2012	**8,661**	**8,661**
Additions	1,446	1,446
Disposals	-	-
As at 31 December 2013	**10,107**	**10,107**
Accumulated amortisation and impairment		
As at 30 June 2011	-	-
Impairment charge	-	-
Balance at 30 June 2012	**-**	**-**
Impairment charge	1,658	1,658
Balance at 31 December 2013	**1,658**	**1,658**
Net book value		
As at 31 December 2013	**8,449**	**8,449**
As at 30 June 2012	8,661	8,661

Impairment Review

At 31 December 2013, the directors have carried out an impairment review and have considered that an impairment write-down of £1,658,000 is required against the Company's 28.56% direct working interest in all of Reef Resources Limited's (Reef) Ontario properties (as detailed in the Chief Executive's Report). This impairment charge is as a result of Reef's unsolicited offer to repurchase the Company's entire 28.56% interest in November 2013, subject to Reef obtaining the necessary financing. The Company after discussions are looking to attain approximately CAD$1.8 - $2million, and as a result of the discussions and preliminary valuations there mentioned, the Board has taken the prudent view to impair the carrying value of the interest in Reef down to approximately £1million. (2012: nil).

The directors are of the opinion that after the impairment charge, the carrying value is now stated at fair value.

10 Available for sale financial assets

Investment in unlisted securities	31 December 2013 £000's	30 June 2012 £000's
Valuation at beginning of the period	-	-
Additions at cost	816	-
Valuation at the end of the period	**816**	**-**

On 21 May 2013, the Company completed the acquisition of a 15% shareholding in Pan Minerals Oil & Gas A.G.("Pan Minerals") , a company incorporated and resident in Switzerland, with investments in Africa, for a total consideration of £500,000, of which £200,000 was cash consideration and £300,000 by way of the issue of 60million Ordinary shares in Solo.

On 18 October 2013, the Company acquired a further 4.9% shareholding in Pan Minerals for a cash consideration of US$500,000 (£316,000).

Pan Minerals is not listed on any stock exchange.

Notes to the financial statements for the period ended 31 December 2013 (continued)

11 Investment in subsidiaries

	31 December 2013 £000's	30 June 2012 £000's
As at 1 July	-	-
Additions	-	-
At 31 December	-	-

The subsidiaries of Solo Oil Plc, all of which are Dormant, and have been since incorporation, are 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 2013 £000's	30 June 2012 £000's
Trade debtors	-	-
Prepayments	52	29
Other debtors	1,239	841
	1,291	**870**

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

13 Trade and other payables

Current trade and other payables	31 December 2013 £000's	30 June 2012 £000's
Trade payables	66	852
Other creditors	32	258
Accruals	18	60
	116	**1,170**

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

14 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 30 June 2011	2,331,324,634	233
13 Dec 2011 – ELF commitment fee at 0.72p	13,799,990	1
6 Jan 2012 – ELF for cash at 0.69p	59,322,034	6
1 Feb 2012 – ELF for cash at 0.65p	115,384,615	7
28 Feb 2012 – ELF for cash at 0.65p	38,461,538	4
18 May 2012 – ELF for cash at 0.464p	32,301,887	3
22 June 2012 – ELF for cash at 0.424p	30,288,648	3
29 June 2012 – ELF for cash at 0.45p	66,666,667	7
As at 30 June 2012	**2,687,550,023**	**269**
26 July 2012 – ELF for cash at 0.40p	90,844,685	9
9 August 2012 – Placing for cash at 0.30p	500,000,000	50
7 December 2012 – Issue for cash at 0.01p	150,000,000	15
11 January 2013 – Placing for cash at 0.45p	333,333,333	33
4 March 2013 – Placing for cash at 0.50p	200,000,000	20
11 March 2013 – Placing for cash at 0.50p	200,000,000	20
15 March 2013 – Placing for cash at 0.40p	375,000,000	38
21 May 2013 – Non- cash issue on acquisition of Pan Minerals at 0.30p	60,000,000	6
As at 31 December 2013	**4,596,728,041**	**460**

During the period 1,909million shares were issued (2012: 356million)

b) Deferred shares

Deferred shares of 0.69 pence each (2012: 265,324,634)	**265,324,634**	**1,831**

Total share options in issue

During the year68.5 million options were granted (2012: 28 million).

As at 31 December 2013 the options in issue were:

Exercise Price	Expiry Date	Options in Issue 31 December 2013
1.54p	30 April 2018	7,000,000
0.5p	31 December 2020	204,000,000
0.5p	31 December 2015	28,000,000
0.5p	31 December 2020	68,500,000
		307,500,000

No options were exercised during the period (2012: nil).

20 million options lapsed during the period (2012: nil).

No options were cancelled during the period (2012: nil), 204million options had their expiry date extended to 31 December 2015 from 21 December 2012.

Total warrants in issue

During the period, 375million warrants were issued (2012: nil).

393,550,000 warrants lapsed or were cancelled or exercised during the year (2012: nil).

As at 31 December 2013 there were nil warrants in issue. (2012:18,550,000)

15 Share based payment

During the period the Company issued options and warrants to investors as part of equity placements.

	31 December 2013		30 June 2012	
	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)	Number
Outstanding at the beginning of the period	0.6	277,550,000	0.6	249,550,000
Granted during the period - warrants	0.4	375,000,000	-	-
Granted during the period - options	0.5	68,500,000	0.5	28,000,000
Forfeited during the period	-	-	-	-
Cancelled during the period - options	-	-	-	-
Exercised during the period	-	-	-	-
Lapsed during the period - options	(0.5)	(20,000,000)		
Lapsed during the period - warrants	(0.45)	(393,550,000)	-	-
Outstanding at the end of the period (options and warrants)	**0.5**	**307,500,000**	**0.6**	**277,550,000**

The exercise price of options and warrants outstanding at the end of the period ranged between 1.54p and 0.50p and their weighted average contractual life was 6.5 years (2012: 3.3 years).

The weighted average fair value of each option granted during the period was 0.5p (2012: options 0.5p).

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

	Issue 20/06/2012	Issue 23/11/12
Share price at grant (pence)	0.43	0.43
Fair Value price at grant (pence)	0.25	0.35
Expected volatility (%)	85.5%	89.5%
Expected life (years)	3.5 years	8.1 years
Risk free rate (%)	4.0%	4.0%
Expected dividends (pence)	nil	Nil

Expected volatility was determined by using the volatility rate used by listed companies in similar industries and those companies with similar sizes.

The total share-based payment expense in the period for the Company was £240,000 expense (2012: £69,000 expense) consisting of:

- £240,000 expense to the income statement (2012: £69,000 expense) , and a charge of £nil to the share premium reserve (2012: £nil charge) relating to new options to employees and directors, and consultants.
  £84,000 credit (2012: £nil credit) relating to exercise and expiration of previously issued share options, taken directly to retained earnings.

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.

Accordingly, the trustees of the EBT subscribed for 150,000,000 new ordinary shares of 0.01p each in the Company, at par value per share at an aggregate cost to the Company of £15,000, such shares representing 4.58% of the existing issued share capital of the Company (at that date). The shares held in the EBT are intended to be used to satisfy future awards made by the Company's Remuneration Committee under the share incentive scheme, as detailed in the Company's AIM admission document.

16 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

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.

17 Equity Line Facility ("ELF")

The Company secured a Equity Line Facility ("ELF") on 10 November 2011 with Dutchess Opportunity Cayman Fund Ltd ("Dutchess"), which allowed the Company to draw down up to £10million over a 3 year period. The funding was available to drawdown at any time in tranches, by way of subscription for new ordinary shares in the Company, priced at a 5 per cent discount to market price, based on the average daily price for the three days prior to the drawdown request.

The Company incurred a £100,000 commitment fee on securing the facility, which was settled by the issue of 13.8million ordinary shares in the Company.

During the period to 30 June 2012, the Company made 6 drawdown requests totalling £1,928,333, settled by the issue of 342,425,389 ordinary shares in the Company.

During the period to 31 December 2013, a further drawdown of £363,000 was made, with the issue of 90,844,685 ordinary shares, before the termination of the facility under mutual agreement between the parties on 18 October 2012.

18 Related party transactions

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

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.

	18 Months ended 31 December 2013 £'000s	**Year ended 30 June 2012 £'000s**
Short-term employee benefits	411	231
Share-based payments	150	69
	551	**300**

19 Ultimate controlling party

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

20 Retirement benefit scheme

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

21 Commitments

As at 31 December 2013, the Company had no material commitments**.**

22 Post balance sheet event

On 5 February 2014, the Company entered into a Binding Heads Of Agreement ("HOA") to acquire a 10% interest in Horse Hill Development Ltd, a special purpose company, which holds the rights to 65% participating interest and operatorship, in licence PEDL137 onshore in the UK Weald Basin, for a total of £600,000, broken down into 3 stage payments, of £13,333 immediately, £66,667 on completion of all legal documentation and £520,000 of cash calls for the drilling of the well.

Corporate Information

DIRECTORS	David Lenigas – Executive Chairman Neil Ritson – Chief Executive Officer Sandy Barblett – Non Executive Director
COMPANY SECRETARY	Kiran Morzaria
REGISTERED OFFICE	Suite 3B, Princes House 38 Jermyn Street London SW1Y 6DN
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AUDITORS	Chapman Davis LLP 2 Chapel Court London SE1 1HH
PUBLIC RELATIONS	Pelham Bell Pottinger 5th Floor, Holborn Gate 330 High Holborn London WC1V 7QD
JOINT BROKER	Beaumont Cornish Limited 2nd Floor, Bowman House, 29 Wilson Street London EC2M 2SJ
JOINT BROKER	Shore Capital Stockbrokers Limited Bond Street House 14 Clifford Street London W1S 4JU
JOINT BROKER	Old Park Capital 49 Berkeley Square London W1J 5AZ
SOLICITORS	Kerman and Co LLP 200 Strand London WC2R 1DJ
REGISTRARS	Share Registrars Limited Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey,